

**This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, lawyer, accountant, tax adviser or other professional advisers.**

An application was made to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 30 April 2020 for permission to list and deal in and for quotation of all the units of the Phillip MSCI Singapore Daily (2x) Leveraged Product and the Phillip MSCI Singapore Daily (-1x) Inverse Product (the “**Products**”) which may be issued from time to time. The Products have received a letter of eligibility from the SGX-ST for the listing and quotation of its units on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this prospectus (the “**Prospectus**”) or any of the reports referred to in this Prospectus. The Products’ eligibility-to-list on the Main Board of the SGX-ST and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Products or of its respective units or of Phillip Capital Management (S) Ltd (the “**Manager**”). Acceptance of applications for the units of the Products is conditional upon the issue of the units of each Product and permission being granted to list them on the SGX-ST. In the event that such permission is not granted, the subscription amounts received will be returned to the investors (without any interest).

The Phillip MSCI Singapore Daily (2x) Leveraged Product tracks the performance of a leveraged position of the MSCI Singapore Index on a daily basis whereas the Phillip MSCI Singapore Daily (-1x) Inverse Product tracks the performance of a short position of the MSCI Singapore Index on a daily basis. **The Products are only suitable for sophisticated trading-oriented investors who constantly monitor the performance of their holding on a daily basis, and are in a financial position to assume the risks in futures investments.** The Products are high risk products designed to be used as short term trading tools for market timing or hedging purposes and are not appropriate for long term (longer than one day) investment. The performance of the Products, when held overnight, may deviate from the leveraged performance or inverse performance of the MSCI Singapore Index (as the case may be) due to the effect of “path dependency” and compounding of the daily returns of the MSCI Singapore Index.

The Products may not be suitable for all investors. It is possible that the entire value of your investment could be lost.

**See “Risk Factors” under paragraphs 6 and 7 and “Specific Risk Factors” set out in the relevant Appendix of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Products of Phillip Strategy Funds.**

## **PHILLIP STRATEGY FUNDS**

*a Singapore unit trust with the following sub-funds authorised under  
Section 286 of the Securities and Futures Act 2001 of Singapore*

**Phillip MSCI Singapore Daily (2x) Leveraged Product**

**Phillip MSCI Singapore Daily (-1x) Inverse Product**

## **PROSPECTUS**

**(Registered by the Monetary Authority of Singapore on 20 October 2023)**

## **MANAGER**

**PHILLIP CAPITAL MANAGEMENT (S) LTD**

**PHILLIP STRATEGY FUNDS**

**DIRECTORY**

**MANAGER**

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Limited  
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Singapore 018983

**DIRECTORS OF THE MANAGER**

Lim Hua Min  
Jeffrey Lee Chay Khiong  
Linus Lim Wen Sheong  
Lim Wah Sai  
Louis Wong Wai Kit

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**SOLICITORS TO THE TRUSTEE**

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**AUDITORS**

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## **PRELIMINARY**

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

The directors of the Manager individually and collectively accept full responsibility for the accuracy of information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no material facts the omission of which would make any statements in this Prospectus misleading. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Manager has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

The collective investment schemes offered in this Prospectus, the Products, are authorised scheme(s) under the Securities and Futures Act 2001 of Singapore (the “**Securities and Futures Act**”). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “**MAS**”). The MAS assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus with the MAS does not imply that the Securities and Futures Act, or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the Products.

Applicants for Units should consult their financial advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to acquire Units and as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable.

Units are traded on SGX-ST at market prices throughout the trading day. Market prices for Units may, however, be different from their net asset value. Listing for quotation of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The distribution of this Prospectus and the offering, subscription, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. The Manager requires persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to the Manager. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

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

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur. In particular, please note that the Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any other applicable law of the United States. The Products have not been and will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended. The Units are

being offered and sold outside the United States to persons that are not “U.S. persons” (as defined in Regulation S promulgated under the U.S. Securities Act) in reliance on Regulation S promulgated under the U.S. Securities Act. The Units are not being offered or made available to U.S. persons and nothing in this Prospectus is directed to or is intended for U.S. persons.

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

For the purposes of the U.S. Securities Act, the term “U.S. person” does not include: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual), resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if (a) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and (b) the estate is governed by non-United States law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settler if the trust is revocable) is a U.S. person; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States; (v) an agency or branch of a U.S. person located outside the United States if (a) the agency or branch operates for valid business reasons and (b) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, any other similar international organizations, and their respective agencies, affiliates and pension plans.

#### Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (“**FATCA**”) includes provisions under which the Manager as a Foreign Financial institution (“**FFI**”) may be required to report to the U.S. Internal Revenue Service (“**IRS**”) certain information about Units held by U.S. persons for the purposes of FATCA and to collect additional identification information for this purpose.

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

Distributors and investors should note that it is the existing policy of the Manager that Units are not being offered or sold for the account of U.S. Persons and that subsequent transfers of Units to such

U.S. Persons are prohibited. If Units are beneficially owned by such U.S. Person, the Manager or the Trustee may compulsorily redeem such Units. Investors should note that under the FATCA legislation, the definition of “Specified U.S. Persons” will include a wider range of investors than the current U.S. Person definition.

#### Common Reporting Standard and Automatic Exchange of Information

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

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

Accordingly, the Manager and/or the Trustee will require investors to provide, amongst other things, information in relation to their identities and tax residences of their accounts (and the controlling persons, if any), account details, reporting entity, account balance/value and income/sale or redemption proceeds and any additional documentation or information, which will be reported to the Inland Revenue Authority of Singapore (“**IRAS**”) and the other relevant tax authorities for purposes of complying with FATCA, the CRS Regulations and any similar automatic exchange of tax information regimes.

#### Data Protection

For the purposes of, and subject to the provisions in, the Personal Data Protection Act 2012 of Singapore (“**PDPA**”) and its regulations, each investor consents and acknowledges that all personal data of the investor provided to the Trust, the Products, the Manager, the Trustee or any delegate, agent or distributor appointed by the Manager or Trustee (including but not limited to the administrator, custodian, sub-custodians, registrar and any other third party service provider which may be applied), may be collected, used, disclosed or otherwise processed to enable each of the aforesaid entities to carry out their respective duties and obligations, or to enforce their respective rights and remedies, in connection with any investment by the investor into the Products or any law applicable to the respective parties.

All enquiries in relation to the Trust should be directed to the Manager, Phillip Capital Management (S) Ltd.

## DEFINITIONS

In this Prospectus, unless the context requires otherwise, the following expressions have the meanings set out below.

“Application” means an application by a Participating Dealer for the creation or redemption of Units, in accordance with the procedures for creation and redemption of Units set out in the Operating Guidelines and the terms of the Trust Deed.

“Application Cancellation Fee” means the fee payable by a Participating Dealer in respect of a default, as set out in the Trust Deed, this Prospectus and the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

“Application Unit”, in relation to each Product, means such number of Units of a Class or whole multiples thereof (if any) as specified in the relevant Appendix for a Product or such other number of Units of a Class from time to time determined by the Manager and notified to the Participating Dealers, either generally or for a particular Class or Classes or for a particular period of time.

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

“Business Day”, in respect of a Product, means, unless the Manager and the Trustee otherwise agree, a day on which (a)(i) the SGX-ST is open for normal trading, (ii) the relevant Market on which Index Securities and/or Futures Contracts are traded is open for normal trading or (iii) if there is more than one such Market, the Market designated by the Manager is open for normal trading, and (b) the Index is compiled and published, or such other day or days as the Manager and the Trustee may agree from time to time.

“Cancellation Compensation” means an amount payable by a Participating Dealer in respect of a default, as set out in the Trust Deed and the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

“CDP” means The Central Depository (Pte) Limited or any successor thereof established by the SGX-ST as a depository company which operates a central depository system for the holding and transfer of book-entry securities.

“Class” means any one of the classes of Units which may be issued in respect of a Product pursuant to the Trust Deed.

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

“Code Guidelines” means the investment and borrowing guidelines as set out in Appendix 1 of the Code and the guidelines for index funds as set out in Appendix 5 of the Code, as the same may be modified, amended, supplemented or revised by the MAS from time to time.

“Connected Person” has the meaning ascribed to it under the Securities and Futures Act, and the Listing Rules, and in relation to any firm, limited liability partnership, corporation or company (as the case may be) means:

- (a) another firm, limited liability partnership or corporation in which the first mentioned firm, limited liability partnership or corporation has control of not less than 20 per cent. of the voting power in



that other firm, limited liability partnership or corporation; or

- (b) a director, chief executive officer or substantial shareholder or controlling shareholder of the company or any of its subsidiaries or an associate of any of them.

“Creation Application” means an application by a Participating Dealer for the creation and issue of Units in an Application Unit size in accordance with the relevant procedures set out in the Trust Deed and the Operating Guidelines.

“Custodian” means The Hongkong and Shanghai Banking Corporation Limited or its successors.

“Dealing Day” means each Business Day during the continuance of the relevant Product, and/or such other day or days as the Manager may from time to time determine with the prior approval of the Trustee either generally or for a particular Class or Classes of Units.

“Dealing Deadline” in relation to any Dealing Day, means such time or times as the Manager may from time to time with the prior approval of the Trustee determine generally or for a particular Class or Classes of Units of a Product.

“Deposited Property” means all the assets (including Income Property (as defined in the Trust Deed)), received or receivable by the Trustee, for the time being held or deemed to be held upon the trusts and subject to the terms of the Trust Deed (or if the context so requires, the part thereof attributable to the relevant Product) but excluding (i) Income Property standing to the credit of the Distribution Account (as defined in the Trust Deed) of such Product (other than interest earned thereon) and (ii) any other amount for the time being standing to the credit of the Distribution Account of such Product.

“Duties and Charges” means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities and/or Futures Contracts (as the case may be), or the entering into or termination of any Swaps (including any costs associated with the entering into or unwinding or maintenance of any hedging arrangements in respect of such Swaps or any costs associated with any collateral arrangements in respect of such Securities, Futures Contracts or Swaps (where applicable)), or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, any transaction or dealing and including but not limited to, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as determined by the Manager to be made for the purpose of (i) compensating or reimbursing the Trust and/or the Products for the difference between (a) the prices used when valuing the Securities and/or Futures Contracts for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities and/or Futures Contracts if they were acquired by the Trust and/or the Products with the amount of cash received by the Trust and/or the Products upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities and/or Futures Contracts if they were sold by the Trust and/or the Products in order to realise the amount of cash required to be paid out of the Deposited Property upon such redemption of Units and (ii) preventing the Net Asset Value of the Trust and/or the Products from being diluted by the high transactional costs which would be incurred by the Trust and/or the Products in connection with a large or significant Creation Application or Redemption Application.

“Excluded Investment Product” means any capital markets product that belongs to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018, issued by the MAS (as may be amended from time to time).

“Extension Fee” means the fee payable by a Participating Dealer to the Manager and/or the Trustee on each occasion that the Manager, upon a Participating Dealer’s request, grants the Participating Dealer an extended settlement in respect of a Creation Application or Redemption Application.

“Futures Contract” means any futures contract which is traded on any futures exchange.

“Holder” means a person for the time being entered on the Register as the holder of Units including, where the context so admits as applicable, Joint Holders (as defined in the Trust Deed) so registered, except that where the registered holder is the CDP, the term “Holder” shall, in relation to Units registered in the name of the CDP mean, where the context requires or so admits as applicable, the Depositor and Joint Depositors (both as defined in the Trust Deed).

“Index” means the index, if any, against which a Product may be benchmarked or may otherwise be referenced as set out in the relevant Appendix.

“Index Securities” means Securities of those companies which are at the relevant time the constituent companies of the Index, any Securities used to track the performance of such Securities constituting the Index at the relevant time or such other Securities designated by the Manager.

“Insolvency Event” occurs in relation to a person where (i) an order has been made or an effective resolution passed for the liquidation or bankruptcy of the person; (ii) a receiver or similar officer has been appointed in respect of the person or of any of the person’s assets or the person becomes subject to an administration order, (iii) the person enters into an arrangement with one or more of its creditors or is deemed to be unable to pay its debts, (iv) the person ceases or threatens to cease to carry on its business or substantially the whole of its business or makes or threatens to make any material alteration to the nature of its business, or (v) the Manager in good faith believes that any of the above is likely to occur.

“Issue Price” means in respect of each Product (or Class), the price at which Units in that Product (or Class) may be issued, determined in accordance with the Trust Deed.

“Listing Rules” means the listing rules issued by the SGX-ST applicable to the listing of each Product as an investment fund on the SGX-ST (as amended or supplemented from time to time).

“Manager” means Phillip Capital Management (S) Ltd or such other person or persons for the time being duly appointed as manager or managers of the Trust in succession thereto in accordance with the Trust Deed.

“Market” means:

- (a) in relation to any Security, the SGX-ST or such other stock exchange from time to time determined by the Manager; and
- (b) in relation to any Futures Contract, the SGX-DT or such other futures exchange from time to time determined by the Manager,

and any over-the-counter transaction conducted in any part of the world and in relation to any Security

shall be deemed to include any bilateral agreement with a responsible firm, corporation or association in any country in any part of the world dealing in the Security which the Manager may from time to time elect.

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

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

“Operating Guidelines” means, in respect of a Product, the guidelines for the creation and redemption of Units of a Class as set out in the schedule to each Participation Agreement as may be amended, restated or supplemented from time to time by the Manager or the Trustee with the written approval of the other and following consultation, to the extent reasonably practicable, with the relevant Participating Dealers, including without limitation, the procedures for creation and redemption of Units subject always, in respect of the relevant Operating Guidelines for a Participating Dealer, any amendment being notified in writing by the Manager in advance to the Participating Dealer. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the relevant Product applicable at the time of the relevant Application.

“Participating Dealer” means a broker or dealer who has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee.

“Participation Agreement” means an agreement entered into between the Trustee, the Manager and a Participating Dealer setting out, amongst other things, the arrangements in respect of the Applications.

“Permissible Investment” means such investment as may be permitted to be made by a Product under the Code, or as may be permitted to invest in, by the MAS.

“Prescribed Capital Markets Product” means any capital markets product that belongs to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018.

“Recognised Futures Exchange” means an international futures exchange which is approved by the Manager.

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

“Redemption Application” means an application by a Participating Dealer for the redemption of Units in Application Unit size in accordance with the Operating Guidelines and the Trust Deed.

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

“Register” means, in respect of each Product, the register of Holders to be kept in accordance with the Trust Deed.

“Registrar” means HSBC Institutional Trust Services (Singapore) Limited or such person as may from time to time be appointed as registrar in respect of each Product pursuant to the Trust Deed to keep and maintain the Register.

“Securities Account” means a securities account or sub-account maintained by a Depositor with the CDP.

“Securities and Futures Act” means the Securities and Futures Act 2001 of Singapore (as may be amended or supplemented from time to time).

“Security” means any shares, stocks, debentures, loan stocks, bonds, securities, commercial paper, acceptances, trade bills, warrants, participation notes, certificates, structured products, treasury bills, instruments or notes of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, and whether listed or unlisted, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):-

- (A) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust;
- (B) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;
- (C) any instrument commonly known or recognised as a security;
- (D) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and
- (E) any bill of exchange and any promissory note,

provided that each of such Security falling within paragraphs (A) to (E) of this definition shall be a Permissible Investment.

“Settlement Day” means such Business Days in respect of the relevant Dealing Day as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers, either generally or for a particular Class or Classes of Units.

“SF(OOI)(CIS)R” means the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 (as may be amended or supplemented from time to time).

“SGX-DT” means the Singapore Exchange Derivatives Trading Limited or its successors.

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

“Singapore dollar” or “S\$” means the lawful currency for the time being and from time to time of Singapore.

“Specified Investment Product” means any capital markets product other than an Excluded Investment Product.

“Transaction Fee” means the fee, in respect of a Product, payable by the Participating Dealer to the Trustee and/or the Registrar (as the case may be) on each Application made by the relevant Participating Dealer.

“Trust Deed” means the trust deed constituting the Trust dated 22 October 2021 between the Manager and the Trustee, as amended, supplemented or restated from time to time.

“Trustee” means HSBC Institutional Trust Services (Singapore) Limited or such other person or persons for the time being duly appointed as trustee or trustees hereof in succession thereto under the provisions of the Trust Deed.

“Unauthorised US Person” means (i) a US person within the meaning of Rule 902 of the U.S. Securities Act, as amended, (ii) a US resident within the meaning of the United States Investment Company Act of 1940, as amended, or (iii) any person that would not qualify as a Non-United States person within the meaning of United States Commodity Futures Trading Commission Rule 4.7(a)(1)(iv).

“Unit” means a unit in a Class or Product representing a certain number or fraction (including irregular fractions) of undivided shares in the Deposited Property attributable to a Product which number shall be capable of variation (as between the Classes) in accordance with the provisions of the Trust Deed.

“Unit Trust” means any arrangement whose units are not quoted, made for the purpose, or having the effect, of providing facilities for the participation by persons, as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of Securities or Futures Contracts or any other property whatsoever or in respect of any such arrangement which offers more than one class of units to participating persons (each representing a separate portfolio acquiring, holding, managing or disposing as aforesaid) means each such class of units.

“US dollar” or “US\$” means the lawful currency for the time being and from time to time of the United States of America.

“Valuation Point” in respect of each Product, means the official close of trading on the Market on which the Securities or Futures Contracts constituting the Index are listed on each Dealing Day or if more than one such Market, the official close of trading on the last relevant Market to close or such other time or times as determined by the Manager with the prior approval of the Trustee who shall determine if the Holders should be informed of such change provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

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

## **1. PHILLIP STRATEGY FUNDS**

The Trust is a Singapore umbrella unit trust constituted under Singapore law and established by way of a deed of trust dated 22 October 2021 (the “**Trust Deed**”), which will consist of a number of Products. The Trust currently has 2 Products established under it. The parties to the Trust Deed are Phillip Capital Management (S) Ltd, as the manager (the “**Manager**”) and HSBC Institutional Trust Services (Singapore) Limited, as the trustee (the “**Trustee**”). A copy of the Trust Deed is available for inspection by Holders and potential investors at the registered office of the Manager during usual business hours. Unless expressly provided for in the Trust Deed or allowed under applicable laws, the assets of the Trust and/or the Products shall at all times belong to the Trust and/or the Products and be segregated from the assets of the Trustee, and shall not be used to discharge the liabilities of or claims against the Trustee or any other fund for which the Trustee acts as trustee.

Investors should note that the Products differ from a typical unit trust offered in Singapore. The Units of a Product are listed on the SGX-ST and trade like any other security listed on the SGX-ST. Only Participating Dealers may purchase or redeem Units directly from the Product at the Net Asset Value. All other investors may purchase and sell Units in the Product on the SGX-ST or through a Participating Dealer, subject to such terms and conditions as may be imposed by the Participating Dealer.

The Manager may select other stock exchanges in addition to the SGX-ST, for the listing of the Units of the Products, as it may determine from time to time.

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

The date of registration of this Prospectus by the MAS is 20 October 2023. This Prospectus shall be valid for a period of 12 months after the date of registration and shall expire on 20 October 2024.

## **3. INVESTMENT OBJECTIVE**

The investment objective of each Product is stated in the relevant Appendix.

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

### **4.1 Investment Approach**

The investment approach of each Product is stated in the relevant Appendix.

### **4.2 Investment Strategy**

In managing a Product, the Manager may use either a futures-based synthetic replication strategy or a swap-based synthetic replication strategy as described below. The particular strategy employed for each Product is set out in the relevant Appendix.

#### *Futures-based synthetic replication strategy*

By using a futures-based synthetic replication strategy, a Product directly or indirectly invests in Futures Contracts, so as to replicate the leveraged daily performance or the inverse daily performance of the relevant Index.

### *Swap-based synthetic replication strategy*

Pursuant to a Swap-based synthetic replication strategy, a Product will enter into one or more funded Swaps (which are over-the counter financial derivative instruments entered into with one or more counterparties) the purpose of which is to exchange all or part of the invested proceeds to gain exposure to the leveraged daily performance or the inverse daily performance of the relevant Index.

## **5. INVESTMENT RESTRICTIONS AND BORROWING POLICY**

Each Product is subject to the investment guidelines, restrictions and borrowing limits set out in the Code, which guidelines, restrictions and borrowing limits may be amended from time to time by the MAS.

Subject to the Code and to the provisions of the Trust Deed, the Trustee may at any time on the written instructions of the Manager make and vary arrangements for the borrowing (including entering into overdraft facilities) by the Trustee for the account of any Product of any currency for the purpose of meeting redemptions and bridging requirements or such other purposes as permitted by the Code.

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

The Manager may engage in securities lending or repurchase transactions for each Product in accordance with Appendix 1 of the Code, as stated in the relevant Appendix.

## **6. RISK FACTORS**

*The Products are subject to the following principal risks. The market price of Units and the Net Asset Value per Unit may fall or rise. There can be no assurance that you will achieve a return on your investments in the Units or a return on capital invested. Some or all of the following risks may adversely affect the Products' Net Asset Value, yield, total return and/or its ability to achieve its investment objective. Investors should note the following risk factors associated with investing in the Products. The following statements are intended to be summaries of some of those risks. They are by no means exhaustive and they do not offer advice on the suitability of investing in the Products. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Products. You should be aware that an investment in the Products may be exposed to other risks of an exceptional nature from time to time.*

### **6.1 Investment Objective Risk**

There is no assurance that the investment objective of a Product will be achieved. Whilst the Manager will implement strategies it believes are appropriate for the investment objective of each Product, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in a Product. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the relevant Product.

### **6.2 Market Risk**

The Net Asset Value of the Units of each Product will fluctuate with changes in the market value of the Securities and/or Futures Contracts held by the Product. The price of Units and the income from them

may go down as well as up. Investors may not get back their original investment. The capital return and income of a Product is based on the capital appreciation and income of the Securities and/or Futures Contracts that it holds, less expenses incurred. A Product's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, each Product may experience volatility and decline in response to changes in the relevant Index. Investors in a Product are exposed to the same risks that investors who invest directly in the underlying Securities and/or Futures Contracts would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security that forms part of the Index).

### **6.3 Passive Investment Risk**

Products which track an Index are not actively managed. Accordingly, such Products may be affected by changes in the market segments relating to the relevant Index or Indices. The Manager does not attempt to select Securities and/or Futures Contracts individually or to take defensive positions when the Index moves in an unfavourable direction. In such circumstances investors may lose a significant part of their respective investments. Each Product invests (either directly or indirectly) in the Securities and/or Futures Contracts included in or representative of the relevant Index regardless of their investment merit. Investors should note that the lack of discretion on the part of the Manager to adapt to market changes due to the passive investment nature of the Products will mean that falls in the Index or Indices in the case of Products tracking the performance of the Index or Indices are expected to result in corresponding falls in the value of the Products, and investors may lose substantially all of their investment.

### **6.4 Tracking Error Risk**

Factors such as fees and expenses of a Product, imperfect correlation between a Product's assets and the Index Securities constituting the Index, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the performance of the relevant Index. A Product's returns may therefore deviate from the relevant Index and there is no assurance that the Product will be able to fully track the leveraged or the inverse performance (as the case may be) of the relevant Index. A Product will track the performance of a leveraged position of the relevant Index or the performance of a short position of the relevant Index on a daily basis and not on a cumulative basis. The Manager will monitor and seek to manage such risk in minimising the tracking error.

### **6.5 Concentration Risk**

A Product which tracks the performance of a single geographical region may be subject to concentration risk. Such a Product is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the relevant region.

### **6.6 Foreign Exchange Risk**

An investment in a Product may directly or indirectly involve exchange rate risk. The constituent Securities of an Index or the Securities and/or Futures Contracts of a Product may be denominated in currencies other than the base currency of the Product. Fluctuations in the exchange rates between such currency and the base currency may have an adverse impact on the performance of the Product.



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

The Net Asset Value of a Product represents the fair price for buying or selling Units. As with any listed fund, the secondary market price of Units may sometimes trade above or below this Net Asset Value. There is a risk, therefore, that Holders may not be able to buy or sell at a price close to this Net Asset Value. The deviation from Net Asset Value is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Units on the SGX-ST. However, given that the Units can be created and redeemed in an Application Unit size by Participating Dealers, as applicable, it is not anticipated that large discounts or premiums will be sustained.

## **6.8 Absence of prior Active Market**

Although an application has been made for the Units of a Product to be listed for trading on the SGX-ST, there can be no assurance that an active trading market will be developed or be maintained. There is no certain basis for predicting the actual price levels at, or sizes in, which the Units may trade.

## **6.9 Creation and Redemption through Participating Dealers**

Investors may generally not create or redeem Units directly with the Manager and in any event can only create or redeem Units through Participating Dealers if investors are clients of the relevant Participating Dealer (subject to such terms and conditions as the Participating Dealer may impose). Units will normally only be issued or redeemed in an Application Unit size which is the number of Units specified in the relevant Appendix. The Participating Dealers are under no obligation to agree to do so on behalf of any investor and may impose terms and conditions in connection with such creation or redemption orders from investors. Each Participating Dealer may, in its absolute discretion, refuse to accept a creation order from an investor and can charge such fees as it may determine. The willingness of a Participating Dealer to redeem Units may depend upon, but is not limited to, the Product's ability to sell the relevant Index Securities and/or unwind the Futures Contracts as well as any agreement which may be reached between the investor and the Participating Dealer. The Participating Dealer will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST and/or SGX-DT are restricted or suspended, settlement or clearing of securities through the CDP is disrupted or the Index is not compiled or published. In addition, the Participating Dealer will not be able to create or redeem Units if some other event occurs which impedes the calculation of the Net Asset Value of the Product or disposal of the Product's Securities and/or Futures Contracts cannot be effected.

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

Investors will not be able to purchase or sell Units on the SGX-ST during any period when the SGX-ST suspends trading in the Units. The SGX-ST may suspend the trading of Units whenever, amongst other factors, the SGX-ST determines that it is necessary or expedient in the interest of maintaining a fair, orderly and transparent market. The creation and redemption of Units may also be suspended in the event that the trading of Units on the SGX-ST is suspended. The SGX-ST imposes certain requirements for the continued listing of securities, including the Units, on the SGX-ST. Investors cannot be assured that the Products will continue to meet the requirements necessary to maintain the listing of Units on the SGX-ST or that the SGX-ST will not change the listing requirements. The Products may be terminated if Units are delisted from the SGX-ST or if the CDP is no longer able to act as the depository for the Units listed on the SGX-ST. Dealings of Units on the SGX-ST may not necessarily be suspended in the event that the creation and redemption of Units is temporarily suspended by the Manager in accordance with the terms of the Trust Deed. If the creation and redemption of Units is temporarily

suspended, the trading price of the Units may be adversely affected and differ from the Net Asset Value of the Products.

#### 6.11 The Products are not typical unit trusts

Investors should note that the Products are not like typical unit trusts offered to the public in Singapore. Units may only be created and redeemed in an Application Unit size by Participating Dealers and Units may not be subscribed for, or redeemed, directly by investors. For so long as the Units are listed on the SGX-ST, investors shall have no right to request the Manager to redeem or purchase their Units. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST and/or the SGX-DT are restricted or suspended, settlement or clearing of securities in CDP is disrupted or the Index is not compiled or published. Investors may generally only realise the value of their Units by selling their Units on the SGX-ST or through Participating Dealers (subject to such terms and conditions as the Participating Dealer may impose). These features are not usually present in a typical unit trust offered to investors in Singapore, where units can generally be purchased and redeemed directly with a manager or its approved distributors.

#### 6.12 Risks related to Borrowings by a Product

Subject to the Code, the Manager may pledge the assets of a Product if the lender requires security to be provided in connection with any borrowings by the Manager for the account of the Product. In the event that the Product is unable to repay the principal or interest on such borrowing, the pledged assets may be disposed of by the lender. If the price received by the lender is insufficient to satisfy the outstanding due to the lender in full, the Product may have to dispose of its investments to raise cash for payment of the shortfall to the lender. There may be an adverse effect on the Net Asset Value of the Product if such disposal is effected during any period when general market conditions are unfavourable.

#### 6.13 Derivatives Risk

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

The Manager may use or invest in FDIs in accordance with Appendix 1 of the Code. Such FDIs may include, but are not limited to futures, options, warrants, forwards, contract for differences, extended settlement contracts, swaps or swap options. The Manager may use or invest in FDIs for the purposes of hedging, efficient portfolio management, optimising returns or a combination of all three.

(b) Risks associated with the use of FDIs

While the judicious use of FDIs can be beneficial, the ability to use such instruments successfully depends on the Manager’s ability to accurately predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If the Manager’s predictions are wrong, or if the FDIs do not work as anticipated, the Product could suffer greater losses than if the Product had not used such FDIs.

In addition to the inherent risks of investing in FDIs, a Product will also be exposed to credit risk on the counterparties with which it trades, particularly in relation to FDIs that are not traded on a recognised market. Such instruments are not afforded the same protection as may be afforded to participants trading such FDIs on a recognised market, such as the performance guarantee of an exchange clearing house. The Product may be subject to the possibility of insolvency, bankruptcy or default of a counterparty with which that Product trades, which could result in

substantial losses to the Product.

Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the Product's investments may be liquidated at a loss. In cases of FDIs which are derivatives on commodities, such transactions shall be settled in cash at all times.

(c) Risk Management Process and Compliance Controls

In the event the Manager uses FDIs, it is of the view that it has the necessary expertise to control and manage the risks relating to the use of FDIs.

The Manager will ensure that the risk management and compliance procedures and controls adopted are adequate and have been or will be implemented and that they have the necessary expertise to control and manage the risks relating to the use of FDIs.

#### 6.14 **Taxation Risk**

Investing in a Product may have tax implications for a Holder depending on the particular circumstances of each Holder. Prospective investors are strongly urged to consult their own tax advisers and counsel on the possible tax consequences with respect to an investment in the Product. Such tax consequences may differ in respect of different investors.

#### 6.15 **Securities Lending or Repurchase Transactions Risk**

Securities lending or repurchase transaction involve counterparty risk, credit risk, liquidity risk, sufficiency of collateral risk, collateral investment risk, delivery risk and operational risk, as described below:

(a) Counterparty risk

A counterparty to such securities lending or repurchase transaction may default on its obligations by being insolvent or otherwise being unable to complete a transaction.

(b) Liquidity risk

A counterparty may not be able to settle its obligation under such securities lending or repurchase transaction for the full value when it is due but would be able to settle on some unspecified date thereafter. This may affect the ability of a Product to meet its redemption obligations and other payment commitments.

(c) Sufficiency of collateral risk

Following a default by a counterparty, a Product can sell its collateral in the market to raise funds to replace the lent securities. It will suffer a loss if the value of the collateral securities falls relative to the lent securities.

(d) Collateral investment risk

The value of the securities in which the Manager invests the cash collateral may decline due to

fluctuations in interest rates or other market-related events.

(e) Delivery risk

Delivery risk occurs both when securities have been lent and collateral has not been received at the same time or prior to the loan, and when collateral is being returned but the loan has not been received.

(f) Operational risk

The custodian or the lending agent may not administer the program as agreed. This includes the failure to mark to market the collateralisation levels, call for additional margin or to return excess margin and to post corporate actions and income including all economic benefits of ownership.

### 6.16 **Liquidity Risk**

Trading volumes in the underlying investments of a Product may fluctuate significantly depending on market sentiment. There is a risk that investments made by a Product may become less liquid in response to market developments, adverse investor perceptions or regulatory and government intervention (including the possibility of widespread trading suspensions implemented by domestic regulators). In extreme market conditions, investments may not be readily sold or unwound at the desired time or price, and consequently the relevant Product may have to accept a lower price to sell or unwind the relevant investment or may not be able to sell or unwind the investment at all. An inability to sell or unwind a particular investment or portion of a Product's assets can have a negative impact on the value of the relevant Product or prevent the relevant Product from being able to take advantage of other investment opportunities.

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

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

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

- (a) a Product may borrow up to 10 per cent. of the latest available Net Asset Value of the relevant Product (or such other percentage as may be prescribed by the Code) at the time the borrowing is incurred and the borrowing period should not exceed one month provided always and subject to the borrowing restrictions in the Code;
- (b) subject to the Code and the Trust Deed, the Manager may suspend the redemption of Units of the relevant Class or Product, and/or delay the payment of any monies and transfer of any Securities and/or Futures Contracts in respect of any Redemption Application;
- (c) the Manager may direct the Trustee to reduce the redemption requests rateably and pro rata amongst all Holders seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10 per cent (or such higher percentage as the Manager may determine in respect of a Product) of the Units in the Product then in issue; and

- (d) the Manager conducts regular assessments of the liquidity profiles of the Products' assets by reference to both current and anticipated market conditions and testing against the internal liquidity limits of the Products. The Manager will exercise professional judgment in determining reasonable and appropriate factors to be considered in assessing liquidity. For example, potential quantitative factors include size, turnover, bid-ask spreads, transaction costs, and a Product's holdings as a proportion of the outstanding issue, and, for fixed income securities, time of issuance and time to maturity. Qualitative factors may include currency denomination and credit quality. The Manager may also conduct stress testing to test a Product's ability to withstand and meet anticipated redemption requests under both normal and exceptional liquidity conditions.

## 6.17 Infectious Disease Risk

An outbreak of the highly pathogenic avian influenza caused by the H5N1 virus ("**avian flu**"), the H1N1 virus ("**swine flu**"), the African Swine Fever virus ("**African swine fever**"), Severe Acute Respiratory Syndrome ("**SARS**"), Middle East Respiratory Syndrome ("**MERS**"), the Covid-19 disease caused by the SARS-CoV-2 virus ("**COVID – 19**") or other contagious disease may have an adverse effect on the economies of different regions in the world. In the past, large parts of Asia experienced outbreaks of avian flu and swine flu. An effective vaccine may not be discovered in time to protect against a potential avian flu or swine flu pandemic or to mitigate against COVID – 19. In 2003, Hong Kong experienced an outbreak of SARS, a highly contagious form of atypical pneumonia, which seriously interrupted economic activity and the demand for goods throughout Asia. In 2015, South Korea experienced an outbreak of MERS which is a viral respiratory infection with similar clinical features to SARS.

There is currently an outbreak of COVID – 19 globally, which has seriously interrupted economic activity globally. While COVID – 19 is still spreading and the final implications of the pandemic are difficult to estimate at this stage, it is clear that it will affect the lives of a large portion of the global population and cause significant effects. COVID – 19 has so far led to national holidays being extended and personnel being placed in quarantine and/or leave of absence, the closure of transport links for affected regions, and the implementation and enforcement of quarantine and lockdowns of affected regions.

The continued spread of COVID – 19 or an outbreak of avian flu, swine flu, African swine fever, SARS, MERS, or other contagious diseases or the measures taken by the governments of affected countries against the spread of COVID – 19 or such potential outbreaks or the perception that an outbreak of avian flu, swine flu, African swine fever, SARS, MERS or some other contagious disease may occur again, and may have an adverse effect on economic conditions in different regions of the world.

## 7. RISK FACTORS RELATING TO THE INDICES

### 7.1 Errors or inaccuracies in the Index

There may be inaccuracies, errors, omissions or mistakes in the compilation or calculation of the Index, which may result in significant deviations between the Net Asset Value of the Units and the Index. The Manager and the Trustee are not responsible or involved in the compilation or calculation of the Index, and thus cannot be held responsible or liable for any inaccuracies, errors, omissions or mistakes in such compilation or calculation. The computation of the Index may be inaccurate or incomplete if, amongst other factors, the information received by the Index provider from the Market on which an Index Security has its primary listing is inaccurate or incomplete. Examples of types of errors which may occur include:

- (a) the closing price of an Index Security on a given day being incorrect;

- (b) a missed corporate event;
- (c) a missed Index methodology event (deviation from what is stated in the methodology document for the Index); and
- (d) a late announcement in respect of an Index Security.

## **7.2 Index is subject to fluctuations**

The performance of the Units should correspond closely with the performance of the Index. The Index may experience periods of volatility in the future. If the Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

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

The Securities which comprise the Index may be changed by the Index provider from time to time. The price of the Units may rise or fall as a result of such changes. The composition of the Index may also change if one of the Securities were to be delisted or if a new Security were to be added to the Index. If this happens and where a Product invests directly in the Index Securities as part of its investment strategy, the weighting or composition of the Index Securities invested by a Product would be changed as considered appropriate by the Manager in order to achieve the investment objective. Thus, an investment in the Product will generally reflect the Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Product.

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

The Manager has been granted a licence by the Index provider to use each Index in connection with the operation, marketing and promotion of the relevant Product. The Product may be terminated if the Index licence agreement is terminated and the Manager is unable to identify or agree with the Index provider or any other index provider terms for the use of a suitable replacement index that gives, in the opinion of the Manager, the same or substantially similar exposure as the Index. In the event that the Index is no longer available for use by a Product, the Manager will source for a suitable replacement index that gives, in the opinion of the Manager, the same or substantially similar exposure as the Index. Any such replacement index will be notified to Holders via SGXNET. Accordingly investors should note that the ability of a Product to track the Index depends on the continuation in force of the Index licence agreement in respect of the Index or a suitable replacement.

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

## **7.5 Compilation of the Index**

No warranty, representation or guarantee is given as to the accuracy or completeness of the Index and its computation or any information related thereto. The process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index provider without notice.

## **8. MANAGEMENT AND ADMINISTRATION**

### **8.1 Manager**

The Manager of the Trust is Phillip Capital Management (S) Ltd, whose registered office is at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101.

The Manager was incorporated in Singapore on 2 September 1999. The Manager holds a capital markets services licence granted by the MAS, and provides fund management and investment advisory services to both institutional and retail clients. The Manager is a member of PhillipCapital, an integrated financial services group established in 1975 (“**Group**”), providing a comprehensive range of financial services to retail and institutional customers. Today, the Group operates in the financial hubs of 15 countries and regions, including offices in Australia, Cambodia, China (and Hong Kong SAR), Spain, India, Indonesia, Japan, Malaysia, Singapore, Thailand, Turkey, United Kingdom, United Arab Emirates, United States of America and Vietnam. The Manager is regulated in Singapore by the MAS. The issued and paid-up share capital of the Manager is S\$5 million.

The Manager has been managing collective investment schemes and/or discretionary funds in Singapore since 2000. The Manager has an established track record managing funds investing in the Asia Pacific region and globally. The investment funds managed by the Manager include the following: Phillip Money Market Fund, Phillip US Dollar Money Market Fund, Global Opportunities Fund, Phillip Singapore Real Estate Income Fund, Phillip SGX APAC Dividend Leaders REIT ETF, Phillip SING Income ETF, Phillip Global Rising Yield Innovators Fund, Phillip SGD Money Market ETF, Phillip Global Quality Fund and Phillip Greater India Equity Fund (a restricted fund which is only offered to institutional and accredited/high net worth investors under the Securities and Futures Act). The Manager also acts as sub-manager of Lion-Phillip S-REIT ETF and Phillip HK Newly Listed Equities Index ETF. Investors should note that the past performance of the Manager is not indicative of its future performance.

### **8.2 General Responsibilities of the Manager**

The Manager has general powers of management over the assets of the Trust and/or the Products. The Manager has covenanted in the Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner and will ensure that the Trust and each Product are carried on and conducted in a proper and efficient manner. The Manager shall ensure that all transactions with or on behalf of a Product are or will be transacted at arm’s length.

The Manager will also be responsible for ensuring compliance with the applicable provisions of the Securities and Futures Act and all other relevant legislation, the Listing Rules, the Code, the Trust Deed and all relevant contracts. The Manager will be responsible for all communications with Holders.

In the absence of fraud, wilful default or negligence by the Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the provisions of the Trust Deed.

The Manager may delegate all or any of its duties, powers and discretions under the Trust Deed to any other person or corporation (including a Connected Person of the Manager) and notwithstanding such delegation the Manager shall remain entitled to receive and retain in full all sums payable to the Manager under any provision of the Trust Deed.

The Manager will remain as the manager of the Trust until it retires or is removed or replaced in

accordance with the provisions of the Trust Deed.

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

If the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over any of its assets and is not discharged within 60 days or if a liquidator or judicial manager is appointed in respect of the Manager, the Trustee may by notice in writing to the Manager remove the Manager from office and/or terminate the Trust forthwith, in accordance with the Trust Deed.

### **8.3 Directors of the Manager**

The directors of the Manager are as follows:-

#### **Lim Hua Min**

Hua Min, of 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101 is the Chairman of the Group and director of the Manager. He previously held senior positions in the Stock Exchange of Singapore and the Securities Research Institute. He has served on a number of committees and sub-committees of the Stock Exchange of Singapore. In 1997, he was appointed Chairman of the Stock Exchange of Singapore (SES) Review Committee, which is responsible for devising a conceptual framework to make Singapore's capital markets more globalised, competitive and robust. Hua Min holds a Bachelor of Science Degree (Honours) in Chemical Engineering from the University of Surrey and obtained a Master's Degree in Operations Research and Management Studies from Imperial College, University of London.

#### **Jeffrey Lee Chay Khiong**

Jeffrey, of 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101 is a director and Chief Investment Officer of the Manager and has been with the Group since 1992. His prior appointments include senior investment management positions at AIB Govett (Asia) Ltd, DBS Bank and Mitsubishi Corporation Group, with responsibilities for managing funds across various asset classes including fixed income, equities and venture capital. Jeffrey has more than 30 years of investment experience spanning several market cycles. His track record includes a number of award-winning funds in the Asia Pacific and Global Funds category. A Chartered Financial Analyst (CFA) since 1990, he obtained his Bachelor's (Honours) degree in Chemical Engineering from the National University of Singapore on a Public Service Commission Scholarship.

#### **Linus Lim Wen Sheong**

Linus, of 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101 is a director and Chief Executive Officer of the Manager and Phillip Tokai Tokyo Investment Management Pte. Ltd. He has been with the Group since 2001 where he was involved in equity research as well as corporate finance, both in Singapore and the United Kingdom. Prior to joining the Group, he was involved in the investments business of Citibank Asia Pacific. Linus is a graduate from the London School of Economics and holds an MBA from the Anderson School of Management at UCLA. Linus is also a holder of the Fundamentals of Sustainability Accounting (FSA) Credential awarded by the Sustainability Accounting Standards Board.



### **Lim Wah Sai**

Wah Sai, of 11/F United Centre, 95 Queensway, Hong Kong is a non-executive director of the Manager. He joined the Group in 1988 and has been managing the Group's Hong Kong operations since 1993. He is presently the Managing Director and Responsible Officer of the Group companies in Hong Kong, including Phillip Securities (HK) Ltd, Phillip Commodities (HK) Ltd and Phillip Capital Management (HK) Ltd. Phillip Capital Management (HK) manages assets for retail and institutional clients and acts as Investment Advisor to an authorised fund in Thailand which primarily invests in Hong Kong and China. Wah Sai is currently a member of the Derivatives Market Consultative Panel of HKEx and has over 30 years' experience in the securities, derivatives and banking industries. He holds a Master's Degree in Management Science from Imperial College, University of London and a Bachelor of Science Degree (1st Class Honours) in Control Instrumentation and System Engineering from the City University, London.

### **Louis Wong Wai Kit**

Louis, of 11/F United Centre, 95 Queensway, Hong Kong is a non-executive director of the Manager. He joined the Group in 1993 and has been the Director of Phillip Securities (HK) Ltd and Phillip Capital Management (HK) Ltd since 1996 and 2002 respectively. He has over 20 years of investment experience in securities dealing and asset management. Louis obtained his Bachelor of Arts (Honours) degree from the University of Hong Kong.

## **8.4 Key Executives**

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

In addition, the key executive of the Manager in respect of the Phillip MSCI Singapore Daily (2x) Leveraged Product and the Phillip MSCI Singapore Daily (-1x) Inverse Product is as follows:-

### **Tan Teck Leng**

Teck Leng, of 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101 is the Deputy Chief Investment Officer of the Manager, and a key member of the investment team covering global equity markets. He oversees the managed account portfolios and the management of the equity and balanced funds portfolios. Prior to joining the Group in 2008, he worked in the aerospace and defence fields with a Singapore-based engineering conglomerate, and also had project management experience in a regional construction and infrastructure engineering consultancy firm. Teck Leng obtained his Bachelor of Mechanical Engineering degree with First Class Honours from Imperial College London in 1999. Teck Leng is a Chartered Financial Analyst (CFA) since 2013.

## **8.5 Trustee**

The Trustee of the Trust is HSBC Institutional Trust Services (Singapore) Limited whose registered address is at 10 Marina Boulevard, Marina Bay Financial Centre Tower 2, #48-01, Singapore 018983.

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") was incorporated on 24 February 1949 in Singapore. It has a paid up capital of S\$5,150,000 as at 1 January 2023. The Trustee does not

have any material conflict of interest with its position as trustee of the Trust. The Trustee is regulated in Singapore by the MAS.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Trust and the Products. Under and subject to the terms of the Trust Deed, the Trustee is entitled (for the purpose of indemnity against any actions, costs, claims, damages, liabilities, expenses or demands to which it may be put as trustee) to have recourse to the assets of the Trust and/or the Products. The Trustee will remain as the trustee of the Trust until it retires or removed or replaced in accordance with the provisions of the Trust Deed.

If the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon the terms previously approved in writing by the Manager) or a receiver shall be appointed over any of its assets or if a liquidator or judicial manager is appointed in respect of the Trustee, the Manager may by notice in writing to the Trustee remove the Trustee from office in accordance with the Trust Deed.

Please refer to the Trust Deed for further information on the roles and responsibilities of the Trustee.

Any changes to the Trustee will be announced on the SGXNET and the Manager's website at [www.phillipfunds.com/](http://www.phillipfunds.com/).

#### 8.6 Registrar

HSBC Institutional Trust Services (Singapore) Limited has been appointed as the registrar of the Trust (the "**Registrar**").

The register of Holders of the Products can be inspected at 20 Pasir Panjang Road (East Lobby), #12-21 Mapletree Business City, Singapore 117439 during usual business hours subject to reasonable conditions and restrictions as we or the Trustee may impose.

For so long as the Units are listed, quoted and traded on the SGX-ST, the Manager shall appoint The Central Depository (Pte) Limited (Company Registration No.: 198003912M) (the "**CDP**") as the unit depository for the Trust and the Products, and all Units issued and available for trading will be represented by entries in the register of Holders kept by the Registrar in the name of, and such Units will be deposited with, CDP as the registered Holder of such Units.

#### 8.7 Auditors

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

Any changes to the auditor will be announced on the SGXNET and the Manager's website at [www.phillipfunds.com/](http://www.phillipfunds.com/).

#### 8.8 Custodian

The custodian of the Trust (the "**Custodian**") is The Hongkong and Shanghai Banking Corporation Limited whose registered address 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 Custodian was incorporated on 14 August 1866 in Hong Kong.

The Custodian was established and has been based in Hong Kong since 1865, and is a wholly owned subsidiary of HSBC Holdings plc, the holding company of the HSBC Group.

As at 1 January 2023, its paid-up share capital constitutes an aggregate of HK\$123,949,000,000 and US\$7,198,000,000 now represented by its 49,579,391,798 ordinary shares in issue.

The Trustee has appointed the Custodian as the global custodian to provide custodial services to the Trust and the Products globally. The Custodian is entitled to appoint sub-custodians to perform any of the Custodian's duties in specific jurisdictions where the Trust and/or the Products invest.

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 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, clear commitment to the custody business, adoption of international standards etc. All sub-custodians appointed will, if required by the law applicable to them, be licensed and regulated under applicable law to carry out the relevant financial activities in the relevant jurisdiction.

The Custodian will remain as the custodian of the Trust until its appointment is terminated in accordance with the terms of its appointment.

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 Trust Deed, appoint such person as the new custodian to provide custodial services to the Trust globally.

Any changes to the Custodian will be announced on the SGXNET and the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

## 8.9 Fund Administrator

HSBC Institutional Trust Services (Singapore) Limited, whose details are set out above, has been appointed as the fund administrator of the Trust (the "**Fund Administrator**").

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

## 9. BROKERAGE TRANSACTIONS

The policy of the Manager regarding purchases and sales of Securities and Futures Contracts is that primary consideration will be given to obtaining the most favourable prices and best execution of transactions in accordance with the requirements of the Code. Consistent with this policy, when Securities and Futures Contracts transactions are effected on a stock exchange, the Manager's policy is to pay commissions which are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances.

The Manager believes that a requirement always to seek the lowest possible commission cost may impede effective portfolio management and preclude the Trust, the Products and the Manager from obtaining a high quality of brokerage. In seeking to determine the reasonableness of brokerage commissions paid in any transaction, the Manager relies upon its experience and knowledge regarding commissions generally charged by various brokers and on its judgement in evaluating the brokerage services received from the broker effecting the transaction. Such determinations are necessarily subjective and imprecise and, as in most cases, an exact dollar value for those services is not ascertainable.

In seeking to implement the above policies, the Manager effects transactions with those brokers and dealers that the Manager believes provide the most favourable prices and are capable of providing best execution of transactions in accordance with the requirements of the Code. If the Manager believes such price and execution are obtainable from more than one broker or dealer, it may give consideration to placing portfolio transactions with those brokers and dealers who also furnish other services to the Trust, the Products or the Manager. Such services may include, but are not limited to, information as to the availability of Securities and/or Futures Contracts for purchase or sale, and statistical information pertaining to corporate actions affecting Securities.

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

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

The Manager may receive or enter into soft dollar commissions or arrangements in respect of the Trust, the Products, the Phillip Money Market Fund (which the Products may invest in) and/or the Phillip SGD Money Market ETF (which the Products may invest in). The Manager will comply with applicable regulatory and industry standards on soft dollars. The soft dollar commissions which the Manager may receive include 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 analysis and custodial services in relation to the investments managed for clients. The soft dollar credits utilised are not allocated on a specific client basis. The brokers also execute trades for other funds managed by the Manager.

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

The Manager will not accept or enter into soft dollar commissions or arrangements unless such soft dollar commissions or arrangements would, in the opinion of the Manager, be reasonably expected to assist the Manager in their management of the Trust, the Products, the Phillip Money Market Fund and/or the Phillip SGD Money Market ETF, provided that the Manager shall ensure at all times that transactions are executed on a "best execution" basis taking into account the relevant market at the time for transactions of the kind and size concerned, and that no unnecessary trades are entered into in order to qualify for such soft dollar commissions or arrangements.

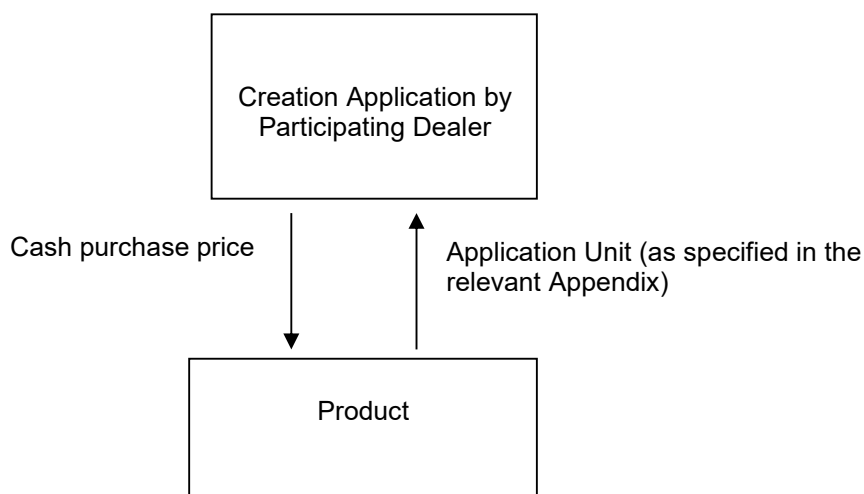
The Manager does not, and is not entitled to, retain cash or commission rebates for their own account in respect of rebates earned when transacting in Securities and/or Futures Contracts for account of the Trust, the Products, the Phillip Money Market Fund and/or the Phillip SGD Money Market ETF.

## 11. OPERATION OF THE PRODUCTS

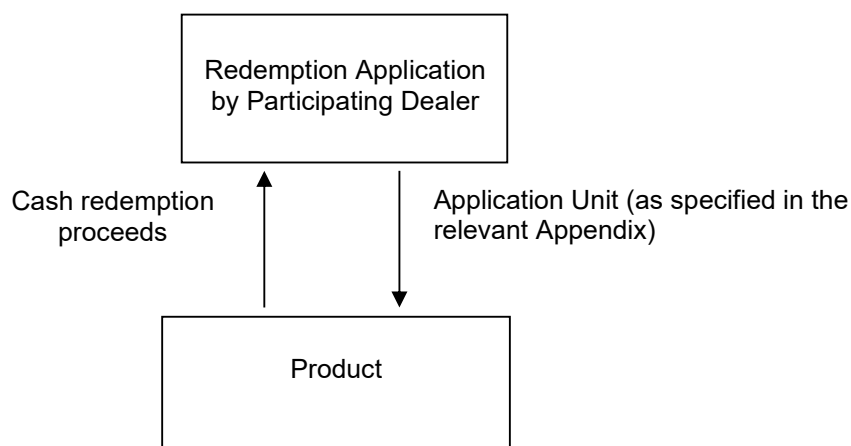
Only a Participating Dealer can create and redeem Units directly with a Product. Any person, other than the Participating Dealer, who buys and sells Units of a Product will have to effect this on the SGX-ST or through a Participating Dealer (subject to such terms and conditions as may be imposed by the Participating Dealer). The diagrams below illustrate the methods of acquiring and disposing Units in a Product after listing:

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

#### (i) Direct Creation by a Participating Dealer

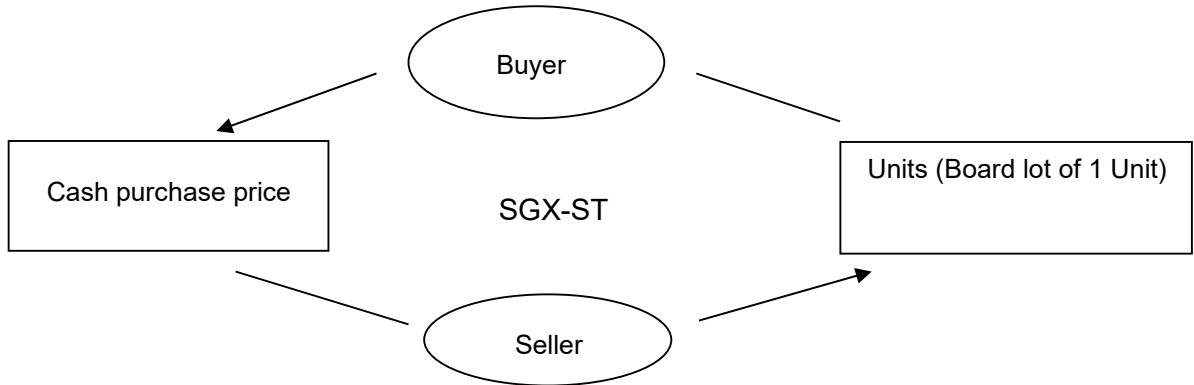


#### (ii) Direct Redemption by a Participating Dealer

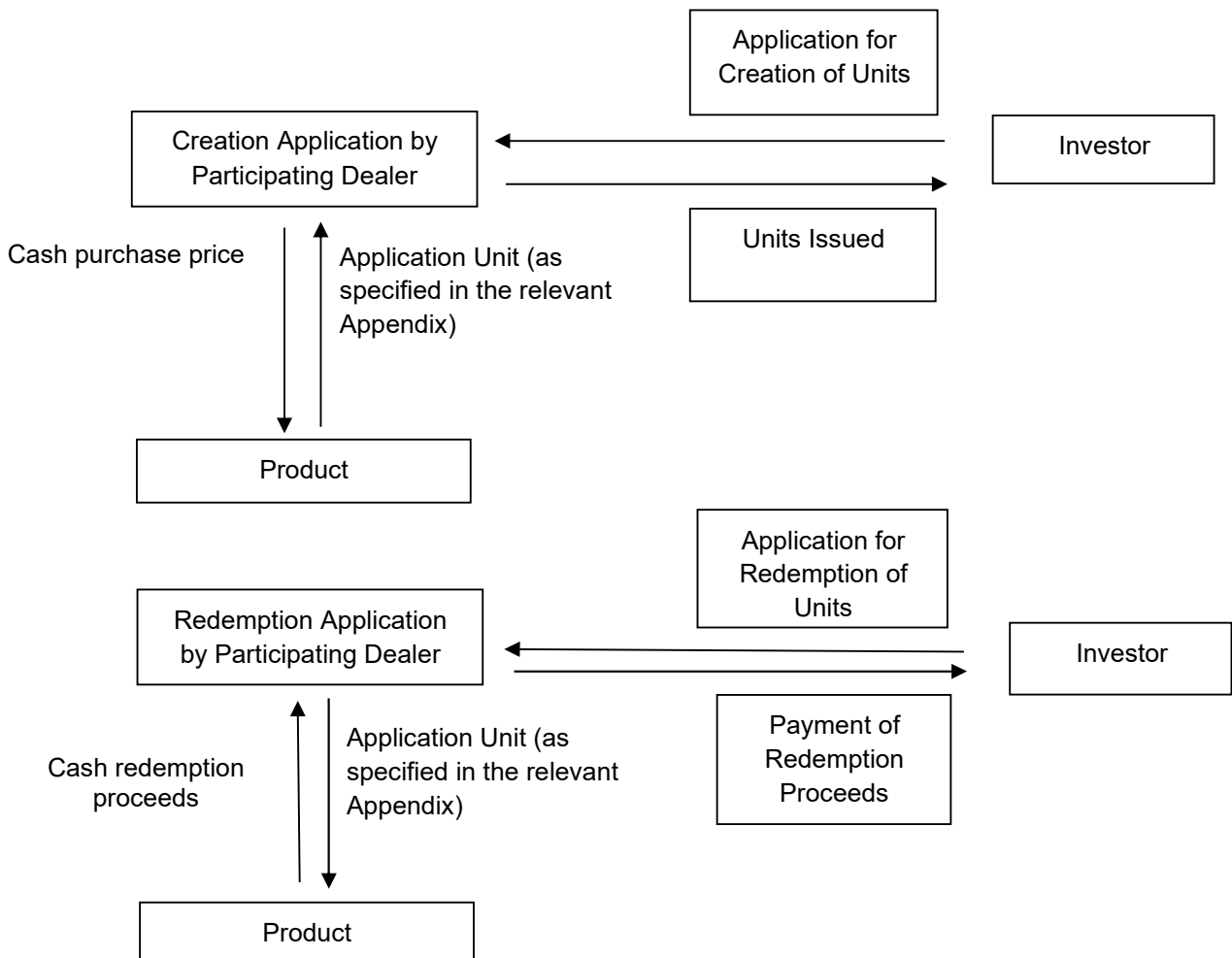


**11.2 Investors other than Participating Dealers:**

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



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



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

### 11.3 Market Maker

A market maker is a broker or a dealer registered by the SGX-ST as a designated market maker to act as such by making a market for the Units in the secondary market on the SGX-ST. A designated market maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Units on the SGX-ST. Designated market makers accordingly facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SGX-ST. Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one designated market maker for a Product to facilitate efficient trading.

The current designated market maker for the Phillip MSCI Singapore Daily (2x) Leveraged Product and the Phillip MSCI Singapore Daily (-1x) Inverse Product is Phillip Securities Pte Ltd.

Please approach the Manager or refer to the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com) for the current list of designated market maker(s) of the Products. Any changes to the designated market makers will be announced on the SGXNET.

### 11.4 Participating Dealer

The role of a Participating Dealer is to facilitate creation and redemption of Units in the Products from time to time. Under the terms of the Participation Agreement, only a Participating Dealer may apply to create Units in respect of an Application Unit. In its absolute discretion, a Participating Dealer may also apply to create Units on behalf of its clients from time to time, subject to such terms and conditions as may be imposed by the relevant Participating Dealer.

Please approach the Manager or refer to the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com) for the current list of designated Participating Dealer(s) of the Products. Any changes to the Participating Dealer(s) will be announced on the SGXNET.

## 12. DEALING BY INVESTORS

Investors cannot create or redeem Units directly in a Product. However, investors may purchase or sell Units either through Participating Dealers (subject to such terms and conditions as may be imposed by the relevant Participating Dealer) or through the SGX-ST.

For a Product listed on the SGX-ST, investors can place an order to buy or sell Units in cash during the trading day through a broker or any trading member of the SGX-ST as one would in the case of a security listed on the SGX-ST, at any time after dealings in the Units commence and for so long as the Units are listed on the SGX-ST. The trading price of Units may differ from the Net Asset Value per Unit and there can be no assurance that a liquid secondary market will exist for the Units.

Investors who wish to use their Supplementary Retirement Scheme ("SRS") monies to purchase Units in a Product should check with their broker or SRS operator on the procedures.

Brokerage and other fees may be payable when purchasing and selling Units on the SGX-ST. Please see paragraph 20.4 "Fees and Charges Payable by Investors Dealing in Units on the SGX-ST" below.

## **13. SUBSCRIPTION AND REDEMPTION**

### **13.1 Minimum Subscription Amount**

The minimum subscription amount for a Product through a Participating Dealer is 1 Application Unit. The Application Unit size for a Product is the number of Units specified in the relevant Appendix. Investors who wish to acquire less than 1 Application Unit may only acquire such Units on the SGX-ST.

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

Units in a Product will, subject to any suspension of dealings set out in the Trust Deed, be continuously offered to Participating Dealers who may apply for them on any Dealing Day on their own account or for the account of their clients in accordance with the Operating Guidelines. The Dealing Deadline for purposes of subscription or redemption of Units in cash is 12:00 p.m. (Singapore time) (or such other time as the Manager may determine with prior notification to Participating Dealers). All dealing requests are dealt with at the same Net Asset Value at the same Valuation Point for the relevant Dealing Day (or such other time as may be determined by the Manager from time to time with the prior approval of the Trustee).

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

Only Participating Dealers may apply directly to the Manager to create Units in a Product. The Manager shall instruct the Trustee in writing to effect, for the account of the relevant Product, the creation of Units in Application Unit size in exchange for a cash payment equivalent to the Issue Price of the relevant Units in the Product, provided that the Manager shall be entitled in its absolute discretion to charge (for the account of the relevant Product) to the Participating Dealer such additional sum as represents the appropriate provision for Duties and Charges and any incidental costs associated with the creation of Units.

The Manager shall have the right to reject, acting in good faith, any Creation Application under exceptional circumstances, including without limitation the following circumstances:

- (a) any period during which (i) the creation or issue of Units of the relevant Class or Product is suspended pursuant to the Trust Deed, (ii) the redemption of Units of the relevant Class or Product is suspended pursuant to the Trust Deed, and/or (iii) the determination of Net Asset Value of the Product is suspended pursuant to the Trust Deed;
- (b) where in the opinion of the Manager, acceptance of the Creation Application would have an adverse effect on the Product;
- (c) where in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the relevant Market on which a Security (that is a component of the Index for the relevant Product) and/or Futures Contracts (that references the Index for the relevant Product) (as the case may be) has its primary listing;
- (d) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities and/or Futures Contracts (as the case may be);



- (e) where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with all applicable legal and regulatory requirements;
- (f) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application;
- (g) any period when the business operations of the Manager, the Trustee, the Custodian or any agent of the Trustee on which the Trustee relies to effect the creation of Units in the relevant Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or
- (h) an Insolvency Event occurs in respect of the relevant Participating Dealer.

Once the Units are created, the Manager shall effect, for the account of the relevant Product, the issue of Units to the relevant Participating Dealer in accordance with the Operating Guidelines.

No fractions of a Unit shall be created or issued by the Trustee.

An application for the creation and issue of Units shall only be made or accepted (as the case may be) on a Dealing Day and shall only be in respect of Units constituting an Application Unit size. All Creation Applications shall only be accepted if made by or through a Participating Dealer in accordance with the terms of the Trust Deed and the relevant Participation Agreement. Subject to the Trust Deed, a Creation Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Issue Price of Units shall be based on forward pricing which means that the Issue Price of the Units shall not be ascertainable at the time of application for Units.

The creation and issue of Units pursuant to a Creation Application shall be effected on the Settlement Day in accordance with the Operating Guidelines but:

- (a) for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received; and
- (b) the Register will be updated on Settlement Day or the Dealing Day immediately following Settlement Day if the settlement period is extended pursuant to the Trust Deed.

If a Creation Application is received by the Registrar and accepted by the Manager with a trade date specified on a day which is not a Dealing Day, or with no trade date specified or is received and accepted after the Dealing Deadline on a Dealing Day, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

For every successful Creation Application, the Participating Dealer will be sent a confirmation detailing the number of Units allotted within 7 Business Days of the receipt of the application by the Manager. Investors who acquire Units constituting an Application Unit size through a Participating Dealer may request the Participating Dealer to apply to the CDP for his/her Units to be entered against his/her name on the records of the CDP in accordance with the CDP's terms and conditions.

The Manager may reject a Creation Application by a Participating Dealer if the application is not in a form and substance satisfactory to, and accompanied by such certifications required in the Operating Guidelines (if any) in respect of creation of Units, together with such certifications and opinions of counsel (if any) as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the creation of Units which are the subject of the Creation Application or other documents as may be required by the Trustee and the Manager in accordance with the Trust Deed, the relevant Participation Agreement and the Operating Guidelines.

The Manager may charge a Transaction Fee in respect of Creation Applications and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Creation Application(s) for the benefit of the Registrar and/or the Trustee.

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

The Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the Register if at any time the Trustee is of the opinion that the provisions of the Trust Deed in regard to the issue of Units, are being or may be infringed.

Numerical example of amount payable in the case of a cash Creation Application

The following is an illustration of the total amount payable by a Participating Dealer in making a cash Creation Application based on one Application Unit of 50,000 Units and a notional Issue Price per Unit of S\$2.000 plus Duties and Charges of S\$50 and the Transaction Fee of S\$450.

(50,000 Units	x	S\$2.000)	+	S\$50	+	S\$450	=	S\$100,500
Number of Units proposed to be subscribed		Issue Price per Unit		Duties and Charges		Transaction Fee		Total amount payable

*Note: The above example is for illustration purposes only and should not be taken as any forecast of future performance. Investors subscribing through a Participating Dealer (whether directly or through a stockbroker) should note that there may be other additional fees and charges (including brokerage fees and charges) payable to the Participating Dealer, and that the Participating Dealer may ultimately pass on fees and charges which it paid to the Manager and/or Trustee for the Creation Application to the end investors. Investors should consult the relevant Participating Dealer for details on all additional fees and charges payable by investors.*

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

The Manager shall instruct the Trustee to cancel Units created and issued in respect of a Creation Application if the full amount of (i) any cash payable in connection with the Creation Application and (ii) any Duties and Charges, incidental costs associated with the creation of Units and Transaction Fee payable have not been received in cleared funds by or on behalf of the Trustee by such time on the relevant Settlement Day as prescribed in the Operating Guidelines, provided that, in either event, the Manager with the approval of the Trustee, may at its discretion extend the settlement period, such

extension to be on such terms and conditions (including as to the payment of any Extension Fee to the Manager or the Trustee or their Connected Persons or otherwise as it may determine) as the Manager with the approval of the Trustee, may determine.

Upon the cancellation of any Creation Application as provided for above or if a Participating Dealer otherwise withdraws a Creation Application other than in the circumstances contemplated in the Trust Deed, the cash received by or on behalf of the Trustee in connection with the relevant Creation Application (in either case in respect of such cancelled Units) shall be redelivered to the Participating Dealer (excluding interest) and the relevant Units shall be deemed for all purposes never to have been created and the relevant Participating Dealer therefore shall have no right or claim against the Manager, the Trustee and/or the Registrar in respect of such cancellation provided that:

- (a) the Manager may charge the relevant Participating Dealer (for the account of the Trustee and/or the Registrar) an Application Cancellation Fee;
- (b) the Manager may at its absolute discretion require the Participating Dealer to pay to the account of the relevant Product, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application in accordance with the provisions of the Trust Deed, together with charges, expenses and losses incurred by the Product as a result of any such cancellation;
- (c) the Transaction Fee, Extension Fee (if applicable) and/or Duties and Charges in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and for the benefit of the Trustee and/or the Registrar; and
- (d) no previous valuations of the Deposited Property shall be re-opened or invalidated as a result of the cancellation of such Units.

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

Investors who wish to dispose of less than an Application Unit size (as specified in the relevant Appendix) may do so by trading the Units on the SGX-ST. In the case of an investor who has purchased Units with monies from his SRS Account, any monies payable to such investor in respect of such Units shall be paid by transferring the monies to the relevant bank for credit of the investor's SRS Account or otherwise in accordance with the provisions of any applicable law, regulations or guidelines. In the event that the SRS Account has been closed, the monies shall be paid to the investor in cash or otherwise in accordance with any applicable law, regulations or guidelines.

Further, in the event that the Units cease at any time to be listed on the SGX-ST and any other stock exchange on which the Units may be listed or quoted on for a continuous period of 30 days, subject to paragraph 18 "Suspension of Dealings", the Manager may, within 14 days (or such other period as may be prescribed by the MAS or SGX-ST) from the end of such 30-day period, commence accepting redemption requests directly from investors subject to the provisions of the Trust Deed, and in the event that the Units are subsequently re-listed on the SGX-ST or a stock exchange, the Manager may, on reasonable notice given to investors, again require redemption requests to be made only through Participating Dealers (for Application Unit size) or SGX-ST (for Units less than an Application Unit size).

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

Only Participating Dealers may apply directly to the Manager to redeem Units. The Manager shall have the exclusive right, at any time and from time to time following a Redemption Application made by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the Operating Guidelines, instruct the Trustee in writing to effect a reduction of the Deposited Property of the relevant Product on the relevant Settlement Day by requiring the Trustee to cancel the number of Units specified in such notice.

An application for the redemption and cancellation of Units shall only be made or accepted (as the case may be) on a Dealing Day, shall only be in respect of Units constituting an Application Unit size thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of the Trust Deed and the relevant Participation Agreement.

The Redemption Value shall be based on forward pricing which means that the Redemption Value of the Units shall not be ascertainable at the time of application to redeem Units.

If a Redemption Application is received by the Registrar and accepted by the Manager with a trade date specified on a day which is not a Dealing Day, or with no trade date specified or after the Dealing Deadline on a Dealing Day, that Redemption Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application.

The Manager shall, on receipt of a valid Redemption Application for a particular Product from a Participating Dealer which complies with the requirements of the Trust Deed, effect the redemption of the relevant Units and transfer to the Participating Dealer a cash amount equivalent to the Redemption Value of the relevant Units. In the event that the relevant Product has insufficient cash to pay any cash payable, the Manager may effect the sale of all or some of the Deposited Property of the relevant Product, or borrow monies in accordance with the Trust Deed, to provide the cash required.

To be effective, a Redemption Application must:

- (a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;
- (b) specify the number of Units which is the subject of the Redemption Application; and
- (c) include the certifications required in the Operating Guidelines (if any) in respect of redemptions of Units, together with such certifications and opinions of counsel (if any) as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

Subject to the Trust Deed, a Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Manager may deduct from any cash amount payable to a Participating Dealer on the redemption of Units such sum (if any) which represents the appropriate provision for Duties and Charges, any incidental costs associated with the redemption of Units (including but not limited to bid/ask spread and price slippage), the Transaction Fee and the Extension Fee (if applicable).

The Manager may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) for the benefit of the Registrar and/or the Trustee.

Unless specifically requested to do so by the Participating Dealer concerned, not later than one month after the relevant Dealing Day, the Trustee shall be under no obligation to check the calculation of the Redemption Value in connection with any redemption or cancellation of Units but shall be entitled at any time before the audited accounts of the Trust, covering the relevant Dealing Day, have been prepared, to require the Manager to justify its calculation of the Redemption Value.

Any cash payable shall be transferred and paid on the Settlement Day in accordance with the Trust Deed provided that a Redemption Application duly signed by a Participating Dealer and any Duties and Charges, any incidental costs associated with the redemption of Units and the Transaction Fee and the Extension Fee (if applicable) payable have been deducted.

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

- (a) the Units, which are the subject of the Redemption Application, shall be redeemed and cancelled;
- (b) the Deposited Property shall be reduced by the cancellation of those Units but, for valuation purposes only, such Units shall be deemed to have been redeemed and cancelled after the Valuation Point as at the Dealing Day on which the Redemption Application was received; and
- (c) the name of the Holder of such Units shall be removed from the Register in respect of those Units on the relevant Settlement Day, and

the Trustee shall pay the cash amount relevant to the Redemption Application (with such deductions as are permitted by the Trust Deed) in accordance with and subject to the provisions of the Trust Deed as if the same were a distribution payable to the relevant Participating Dealer

No cash amount shall be paid in respect of any Redemption Application unless Units, which are the subject of the Redemption Application, have been delivered to the Trustee free and clear of any Encumbrance for redemption by such time on the Settlement Day as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally.

Payment will be made within 7 Business Days after the receipt and acceptance of the Redemption Application unless the realisation of Units has been suspended in accordance with paragraph 18 "Suspension of Dealings".

*Numerical example of the amount of redemption proceeds payable in the case of a cash Redemption Application*

The following is an illustration of the redemption proceeds a Participating Dealer will receive in making a cash Redemption Application based on one Application Unit of 50,000 Units and a notional Redemption Value per Unit of S\$2.000 minus Duties and Charges of S\$50 and the Transaction Fee of S\$450.

(50,000 Units	x	S\$2.000)	-	S\$50	-	S\$450	=	S\$99,500
Number of Units proposed to be redeemed		Redemption Value per Unit		Duties and Charges		Transaction Fee		Redemption Proceeds

*Note: The above example is for illustrative purposes only and should not be taken as any forecast of future performance. Investors redeeming through a Participating Dealer (whether directly or through a stockbroker) should note that there may be other additional fees and charges (including brokerage fees and charges) payable to the Participating Dealer, and that the Participating Dealer may ultimately pass on fees and charges which it paid to the Manager and/or the Trustee for the Redemption Application to the end investors. Investors should consult the relevant Participating Dealer for details on all additional fees and charges payable by investors.*

### **13.7 Cancellation of Redemption Application of Units and Extension of Settlement Period**

In the event that Units, which are the subject of a Redemption Application, are not delivered to the Registrar for redemption in accordance with the foregoing:

- (a) the Manager may charge the relevant Participating Dealer (for the account of the Trustee and/or the Registrar) an Application Cancellation Fee;
- (b) the Manager may at its discretion require the Participating Dealer to pay to the account of the Product, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if the Participating Dealer had, on the final day permitted for delivery of Units which are the subject of the Redemption Application, made a Creation Application in accordance with the Trust Deed plus any other amount as the Manager reasonably determines as representing any charges, expenses and losses suffered by the Product as a result of such cancellation;
- (c) the Transaction Fee, the Extension Fee (if applicable) and/or Duties and Charges in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Trustee and/or the Registrar; and
- (d) no previous valuations of the Deposited Property shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

The Manager with the approval of the Trustee, may at its discretion extend the settlement period, such extension to be on such terms and conditions (including as to the payment of an Extension Fee to the Manager or the Trustee or their Connected Persons or otherwise as it may determine) as the Manager with the approval of the Trustee, may determine but, in any event, not later than one month from the receipt of an effective Redemption Application unless the Market(s) in which a substantial portion of investments of the relevant Product is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of redemption proceeds within the aforesaid time period not practicable. In such case, subject to all applicable legal and regulatory requirements, payments may be delayed but the extended time frame for the payment of the redemption proceeds shall reflect the additional time needed in light of the specific circumstances in the relevant Market(s).

#### **14. NO CERTIFICATES**

Certificates will not be issued in respect of Units in the Products. Units will be deposited, cleared and settled by the CDP, and held in book-entry form. CDP is the registered owner (i.e. the sole Holder on record) of all outstanding Units deposited with the CDP and is therefore recognised as the legal owner of such Units. Investors owning Units are beneficial owners as shown on the records of CDP or the Participating Dealers (as the case may be).

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

The Net Asset Value of each Product will be determined by the Fund Administrator as at each Valuation Point applicable to the relevant Product, which may be different from the close of any Market, by calculating the value of the assets of the relevant Product and deducting the liabilities of the relevant Product, in accordance with the terms of the Trust Deed.

Set out below is a summary of how the assets of the relevant Product are valued, subject to the provisions of the Code:

- (a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (in consultation with the Trustee) determines that some other method is more appropriate and such alternative method has been agreed to by the Trustee, be valued by reference to the price appearing to the Manager to be the official closing price or last known transacted price on the relevant Market, or the last transacted price on the relevant Market as at the Valuation Point in respect of the Dealing Day on which the value is to be determined or, if there be no such official closing price, last known transacted price or last transacted price, the value shall be calculated by reference to the last traded price on a Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the relevant price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the official closing prices or last traded prices as the case may be;
- (b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available net asset value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the last available bid or offer price for such unit, share or other interest;
- (c) except as provided for in paragraph (a)(iii) or (b), the value of any investment which is not listed, quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended out of the relevant Product in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may at any time in consultation with the Trustee and shall at such times or at such intervals as the Trustee shall request cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments (which may, if the Trustee agrees, be the Manager);

(d) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager in consultation with the Trustee, any adjustment should be made to reflect the value thereof;

(e) the value of any Futures Contract shall be calculated on the following basis:

(i) For the purpose of the formulae set out in sub-paragraphs 15(e)(ii) and 15(e)(iii);

A = the contract value of the relevant Futures Contract (the “**Open Contract**”)

B = the amount determined by the Manager to be the contract value of the Futures Contract to be entered into on behalf of a Product in order to close the Open Contract, such determination to be made by reference to the latest available price or such other prices as may be determined by the relevant calculation agent of the Futures Contract in a commercially reasonable manner, and

C = the amount expended out of the deposited property in entering into the Open Contract, including the amount of all stamp duties, commissions and other expenses but excluding any deposit or margin provided in connection therewith.

(ii) The value of a Futures Contract under which a Product is the seller of the relevant commodity, share price index or other subject-matter of such Futures Contract, shall be the positive or negative amount given by the formula;

$A - (B + C)$

(iii) The value of a Futures Contract under which a Product is the buyer of the relevant commodity, share price index or other subject-matter of such Futures Contract, shall be the positive or negative amount produced by applying the following formula:

$B - (A + C)$

Provided that, in respect of any Futures Contract (including Futures Contract relating to an Index) that are listed or quoted on, or normally dealt in, a Market, the price of such Futures Contract shall be the official closing price of such Futures Contract or if such price is not available, then, (1) the latest available price of such Futures Contracts or (2) (if bid and offered quotations are made) the latest available middle market quotation of such Futures Contract, in each case on the date as at which the valuation is to be made on the Market in which the Futures Contract was entered into on behalf of a Product, or if no such prices are available, a price as quoted by the broker or calculation agent of the relevant Futures Contract;

(f) the value of any Swap shall be determined to be the mark-to-market value of such Swap including the amount expended out of the relevant Product in entering into the Swap, but excluding any fees, commissions and other expenses in connection with the entry of negotiation of the Swap, and any initial margin or deposits provided in connection therewith determined and provided by the relevant calculation agent under such Swap to the Manager and/or the Trustee, unless otherwise provided under the terms of the Swap; and



- (g) notwithstanding the foregoing, the Manager in consultation with the Trustee may adjust the value of any investment if, having regard to relevant circumstances, it determines that such adjustment is more appropriate to fairly reflect the value of the investment.

The Fund Administrator will perform any currency conversion at the rates which the Trustee and the Manager deem appropriate from time to time.

The above is a summary of the key provisions of the Trust Deed with regard to how the various assets of the relevant Product are valued.

Any changes by the Manager to the method of determining the Net Asset Value as provided in Schedule 1 of the Trust Deed will require the prior written approval of the Trustee, and the Trustee shall determine if the Holders should be informed of any such change.

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

The Issue Price of Units, created and issued pursuant to a Creation Application, shall be the Net Asset Value per Unit truncated to three decimal places or to such other truncation or rounding as the Manager may from time to time determine with the approval of the Trustee.

The Manager may, subject to the prior written approval of the Trustee, change the method of determining the Issue Price of a Unit as provided under the Trust Deed, and the Trustee shall determine if the Holders, should be informed of any such change.

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit truncated to three decimal places or to such other truncation or rounding as the Manager may from time to time determine with the approval of the Trustee.

The Manager may, subject to the prior written approval of the Trustee, change the method of determining the Redemption Value of a Unit as provided under the Trust Deed, and the Trustee shall determine if the Holders, should be informed of any such change.

## **17. SUSPENSION OF DEALINGS**

Subject to the provisions of the Code, the Manager shall, after giving notice to the Trustee, have the right to suspend the creation and/or redemption of Units and/or delay the payment of any monies in respect of any Redemption Application in the following circumstances:

- (a) during any period when trading on the SGX-ST, the SGX-DT, any other Recognised Stock Exchange or any Recognised Futures Exchange is closed;
- (b) during any period when trading on the SGX-ST, the SGX-DT, any other Recognised Stock Exchange or any Recognised Futures Exchange is restricted or suspended;
- (c) during any period when a Market on which a Security (that is a component of the Index for the relevant Product) and/or Futures Contracts (that references the Index for the relevant Product) (as the case may be) has its primary listing, or the official clearing and settlement depository (if any) of such Market, is closed;

- (d) during any period when dealing on a Market on which a Security (that is a component of the Index for the relevant Product) and/or Futures Contracts (that references the Index for the relevant Product) (as the case may be) has its primary listing is restricted or suspended;
- (e) during any period when, in the opinion of the Manager, settlement or clearing of Securities and/or Futures Contract (as the case may be) in the official clearing and settlement depository (if any) of such Market is disrupted;
- (f) during the existence of any state of affairs as a result of which delivery or purchase of Securities and/or Futures Contract as appropriate, or disposal of investments for the time being comprised in the relevant Product cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Holders of the relevant Product;
- (g) during any period when the Index for the relevant Product is not compiled or published;
- (h) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Product or the Net Asset Value per Unit of the relevant Class or when for any other reason the Value of any Securities and/or Futures Contract or other property for the time being comprised in the relevant Product cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (i) during any period when the determination of the Net Asset Value of the relevant Product is suspended pursuant to the Trust Deed;
- (j) any 48 hours period (or such longer period as the Manager and the Trustee may agree) prior to the date of any meeting of Holders, or any adjourned meeting thereof;
- (k) during any period when the Swap (if any) cannot be adjusted or reset for any reason;
- (l) during any period when the business operations of the Manager, the Trustee, the Custodian or any agent of the Trustee on which the Trustee relies to effect the creation/redemption of Units in the relevant Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God;
- (m) during any period when the market value or fair value of a material portion of the relevant Product's Deposited Property cannot be determined;
- (n) during any period when the dealing of Units is suspended pursuant to any order or direction issued by the MAS; or
- (o) during any circumstances as may be required under the provisions of the Code.

Subject to the provisions of the Code, a suspension of the determination of the Net Asset Value shall terminate upon the earlier of:

- (a) the Manager declaring the suspension is at an end; or
- (b) the first Dealing Day on which (i) the condition giving rise to the suspension has ceased to exist and (ii) no other condition under which suspension is authorised under the Trust Deed exists.

Whenever the Manager declares such a suspension, it shall as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish an announcement on its website containing information about the suspension of the determination of the Net Asset Value and/or suspension of dealings. Such suspension will also be publicly announced on the SGXNET.

No Units will be created or issued during any period of suspension. The Manager may at any time by notice to the Trustee and the MAS, suspend the issue of Units if, as a result of the issue of such Units, a Product would breach a provision of the Code Guidelines, and the relevant provisions relating to suspension of the right of Holders to redeem Units shall also apply in accordance with the provisions of the Trust Deed.

## **18. DISTRIBUTION POLICY**

The Manager will adopt a distribution policy for each Product as set out in the relevant Appendix.

The Manager may make distributions out of distributable income and/or the capital of the Product. Distributions (whether out of income and/or capital) may have the effect of lowering the Net Asset Value of the Product and this will be reflected in the Redemption Value of the Units. Moreover, distributions out of capital may amount to a reduction of a Holder's original investment. Holders redeeming their Units may therefore receive an amount less than their initial investment. Such distributions may also result in reduced future returns to Holders.

Distributions will only be paid to the extent that they are available for distribution pursuant to the Trust Deed. Distributions are not guaranteed and are subject at all times to the Manager's discretion.

On a distribution, the Trustee, in accordance with the instructions of the Manager, will allocate the amount available for distribution and will pay such amount to the CDP who will in turn allocate and make the necessary payment to the Holders based on the number of Units held by each Holder on the record of the CDP or its depository agents.

Amounts to be distributed in respect of each Unit shall be rounded to the nearest S\$0.01 per Unit. Subject to the Trust Deed, any unclaimed distributions payable to a Holder may at the expiration of 6 years from the date upon which the same became payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

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

### **19.1 Manager's Fee**

The Manager is entitled to receive a management fee for each Product, accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The current management fee percentage in respect of each Product is set out in the relevant Appendix.

Under the terms of the Trust Deed, the Manager may, on giving not less than one month's notice to the Trustee and the Holders of the relevant Product, increase the rate of the management fee payable up to the maximum rate as permitted by the Trust Deed without the sanction of an extraordinary resolution.

## 19.2 General Expenses

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

All the expenses incurred in connection with the convening of meetings of Holders and all other transactional costs and operating costs (relating to the administration of a Product) shall be paid out of the assets of the Product.

The cost and expenses for the preparation of this Prospectus and any supplementary, replacement or updated prospectus, trust deed and any deeds supplemental or amendment and restating deeds, product highlights sheets, reports and/or other statements to Holders will be borne by the relevant Product(s).

The costs of establishing the Trust and the Phillip MSCI Singapore Daily (2x) Leveraged Product and the Phillip MSCI Singapore Daily (-1x) Inverse Product (which shall not exceed S\$250,000) may be paid out of the Deposited Property of the Phillip MSCI Singapore Daily (2x) Leveraged Product and the Phillip MSCI Singapore Daily (-1x) Inverse Product in equal proportion and may be amortised over a period of up to 5 years from the date of the first issue of Units of the Phillip MSCI Singapore Daily (2x) Leveraged Product and the Phillip MSCI Singapore Daily (-1x) Inverse Product.

## 19.3 Fees and Charges Payable by Participating Dealers

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

<b><i>Creation of Units:</i></b>	
Transaction Fee <sup>2</sup>	S\$450 per Application (in cash)
Application Cancellation Fee <sup>3</sup>	S\$2,500 per Application
Extension Fee <sup>4</sup>	S\$2,500 per Application
<b><i>Redemption of Units:</i></b>	
Transaction Fee	S\$450 per Application (in cash)
Application Cancellation Fee <sup>2</sup>	S\$2,500 per Application
Extension Fee <sup>3</sup>	S\$2,500 per Application

<sup>2</sup> A Transaction Fee (which includes the transaction charges and out-of-pocket expenses) is payable by a Participating Dealer to the Trustee and/or the Registrar (as the case may be).

<sup>3</sup> The Application Cancellation Fee is payable by a Participating Dealer to the account of the Trustee and/or the Registrar on each occasion that a Creation or Redemption Application is cancelled by the Participating Dealer or the Trustee where applicable.

<sup>4</sup> The Extension Fee is payable by a Participating Dealer to the Manager and/or the Trustee on each occasion that the Manager, upon a Participating Dealer's request, grants the Participating Dealer an extended settlement in respect of an Application.

The above fees and charges payable by the Participating Dealers may be passed on to investors in full or in part, depending on the relevant Participating Dealer.

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

The fees and charges payable by investors dealing in Units in a Product on the SGX-ST are summarised as follows:

Subscription/Redemption fee	Nil
Brokerage	Market rates. Investors will have to bear brokerage fees charged by their stockbrokers.
Clearing fee and SGX access fee	Currently the clearing fee and SGX access fee for trading Units on the SGX-ST are 0.0325% and 0.0075% of the transaction value <sup>#</sup> respectively and subject to the prevailing goods and services tax ("GST").

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

#### 19.5 Fees and Charges Payable by a Product

The fees and charges payable by a Product are summarised as follows:

Manager's fee	As specified in the relevant Appendix of a Product.
Trustee's fee	As specified in the relevant Appendix of a Product.
Custodian fee	The Custodian Fee may exceed 0.10% per annum of the Net Asset Value of a Product depending on, amongst others, the size of the Product and the number of transactions carried out.
Other fees and charges	Other fees and charges include fund administration and valuation fees, legal fees, audit fees, transaction fees, accounting fees, licensing fees, transaction processing and cash processing fees. Such fees and charges are subject to agreement with the relevant parties and may amount to or exceed 0.10% per annum of the Net Asset Value of a Product, depending on the proportion each fee or charge bears to the Net Asset Value of a Product.

#### 19.6 Fees and Charges Payable to an Underlying Fund

Subject to the relevant Appendix of a Product, each Product may invest into the Phillip Money Market Fund and /or the Phillip SGD Money Market ETF.

The fees and charges payable by a Product which invests in the Phillip Money Market Fund are summarised as follows:

Preliminary Charge	Currently nil. Maximum 5%.
Realisation Charge	Currently nil. Maximum 5%.
Annual management fee	<u>Class A Units (acc)</u> Currently 0.45%. Maximum 2%.  <u>Class I Units (acc)</u> Currently 0.25%. Maximum 2%.  <u>Class I Units (dist)</u> Up to 0.25%. Maximum 2%.  <u>Class E Units (acc), Class F Units (acc) and Class G Units (acc)</u> Up to 0.35%. Maximum 2%.
Annual trustee fee	Currently not more than 0.03%. Maximum 0.035%.

The fees and charges payable by a Product which invests in the Phillip SGD Money Market ETF are summarised as follows:

Annual management fee	Currently 0.10% per annum of the net asset value, which shall be subject to a quarterly reset and capped at a maximum of 0.30% per annum of the net asset value.
Annual trustee fee	0.025% per annum of the net asset value, subject always to a minimum of S\$24,000 per annum.

## 20. REPORTS AND ACCOUNTS

The financial year-end of the Trust is 30 September every year. Audited accounts and the annual report will be prepared and made available on the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com) within three months of each financial year-end (unless otherwise waived or permitted by the MAS). Semi-annual unaudited accounts and the semi-annual report will be prepared and made available on the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com) within two months of the end of the period covered by the relevant accounts and report (unless otherwise waived or permitted by the MAS). Printed copies of the audited accounts and annual report, semi-annual unaudited accounts and the semi-annual reports are not sent to Holders. Holders may obtain electronic copies of these accounts and reports from the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com). However, Holders who would like to receive printed copies of the accounts and reports may submit the relevant request to the Manager. The Trustee will also make available, or cause to be made available, hardcopies of the accounts and reports to any Holder who requests for them within 2 weeks of any request from such Holder (or such other period as may be permitted by the MAS). The contents of the reports will comply with the requirements of the Code and the Listing Rules.

Copies of the audited accounts, the annual reports, the semi-annual unaudited accounts and the semi-annual reports will also be made available on SGXNET.

## **21. ANNOUNCEMENT OF MATERIAL INFORMATION**

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

## **22. TRUST DEED**

The Trust is established under Singapore law by the Trust Deed made between the Manager and the Trustee. All Holders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. In the event of any conflict between any of the provisions of this Prospectus and those of the Trust Deed or Participation Agreement, the provisions of the Trust Deed or the Participation Agreement shall prevail. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their respective agents and their relief from liability in certain circumstances. Holders and intending applicants are advised to consult the terms of the Trust Deed. All material amendments to the Trust Deed will be announced on the SGXNET.

## **23. MODIFICATION OF TRUST DEED**

The Trustee and the Manager may by deed supplemental or restated to the Trust Deed jointly modify, alter or add to the provisions of the Trust Deed provided that in the opinion of the Trustee such modification, alteration or addition (i) does not materially prejudice the interests of Holders in any Product and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Holders in the relevant Product, or (ii) is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law) or (iii) is to be made to remove obsolete provisions or to correct manifest errors. In all other cases modifications require the sanction of an extraordinary resolution of the Holders affected passed at separate meetings of the Holders of Units in each Product affected by such modification, alteration or addition provided that where, in the opinion of the Manager and the Trustee, all Holders of Units in all Products are affected in the same way, then such sanctions may be by way of an extraordinary resolution passed at a meeting of Holders which may be attended by the Holders of Units in all of the Products.

## **24. VOTING RIGHTS**

The Trustee or the Manager may (and the Manager shall at the request in writing of Holders together registered as holding not less than one-tenth in value of the Units in issue) at any time convene a meeting of Holders, of Units of any Class or Product at such time and place as it may think fit.

These meetings may be used to modify the terms of the Trust Deed, including to increase the maximum fees payable to the service providers, to remove the Trustee or to terminate the Trust or any Product at any time. Such amendments to the Trust Deed must be passed by a 75% majority of the votes cast. For meetings to pass ordinary resolutions, Holders will be given at least 14 calendar days' notice (inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting. For meetings to pass extraordinary resolutions, Holders will be given at least 21 calendar days' notice (inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting.

The Trustee, the Manager, the Custodian and their Connected Persons are prohibited from voting their beneficially owned Units at, or counted in the quorum for, the meeting at which they have a material interest (including, for the avoidance of doubt, interested party transactions (as defined in the Listing Rules and/or the listing rules of other Recognised Stock Exchange) in the business to be contracted).

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

## **25. RESTRICTIONS ON HOLDERS**

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

The Manager and/or the Trustee shall have power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held directly, indirectly or beneficially by:-

- any person in breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed;
- any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager to be relevant) which in the opinion of the Manager might result in the Trust or any Product, the Trustee or the Manager incurring any liability to taxation or suffering any other potential or actual pecuniary disadvantage or would subject the Manager, the Trustee, the Trust or any Product, to any regulatory compliance which the Trust or the relevant Product, the Trustee or the Manager might not otherwise have incurred, suffered or been subject to; or
- any person in breach of, or reasonably deemed by the Manager to be in breach of, any applicable anti-money laundering or FATCA or identification verification or national status or residency requirements imposed on him (whether under the terms of any underlying investment arrangement or otherwise) including without limitation the issue of any warranty or supporting document required to be given to the Trustee, the Registrar or the Manager.

If it shall come to the notice of the Manager or the Trustee that any Units are owned directly, indirectly or beneficially by any person in contravention of any such restrictions as are referred to in the Trust Deed, the Manager or the Trustee may give notice to such person requiring him to transfer such Units to a person who would not thereby be in contravention of any such restrictions as aforesaid or to request in writing the redemption of such Units in accordance with the provisions of the Trust Deed. If any person upon whom such a notice is served pursuant to the Trust Deed does not within 30 days after such notice transfer such Units as aforesaid or establish to the satisfaction of the Manager or the Trustee (whose judgment shall be final and binding) that such Units are not held in contravention of any such restrictions he shall be deemed upon the expiration of 30 days after such notice to have requested in writing the redemption of all such Units pursuant to the provisions of the Trust Deed.

A person who becomes aware that he is holding or owning Units in contravention of any such restrictions as are referred to in the Trust Deed shall forthwith either transfer all such Units to a person who would not thereby be in contravention of any such restrictions as aforesaid or request in writing the redemption of all such Units pursuant to the provisions of the Trust Deed.

The Manager or the Trustee may at any time and from to time, by notice in writing, call upon any person holding directly or beneficially any Units to provide to the Manager or the Trustee such information and evidence as they shall require upon any matter concerned with or in relation to such person's holding of or interest in, or the ultimate beneficial owners of (or intermediate holders or owners of), the Units. The exercise by the Manager or the Trustee of the powers conferred by Clauses 3.4, 3.5, 3.6 or 7.23



of the Trust Deed shall not be questioned or invalidated in any case on the ground that there was insufficient evidence of ownership of Units by any person or that the true ownership of any Units was otherwise than appeared to the Manager or the Trustee at the relevant date, provided that the said powers shall have been exercised in good faith. Save where the Manager or the Trustee is found by a court of competent jurisdiction that it has been fraudulent, in wilful default or negligent, the Manager or the Trustee shall have no liability whatsoever to any person for any special, direct, indirect, consequential or any other damages (including lost profits) on account of anything done or omitted by the Manager or Trustee in exercising its duties and right to restrict or prevent ownership of Units by an Unauthorised US Person or any person falling under Clause 3.4 of the Trust Deed.

## **26. TRANSFER OF UNITS**

Units held by Holders may be transferred by an instrument in writing and must be signed (and, in the case of a body corporate, signed on behalf of or sealed) by the transferor and the transferee. The transferor shall be deemed to remain the Holder of the Units transferred until such time as the name of the transferee is entered in the Register pursuant to the transfer. For so long as the Units are listed on the SGX-ST, transfers of Units between depositors (i.e. direct account holders with the CDP and depository agents whose names are entered in CDP's register in respect of Units held by them) shall be effected electronically through the CDP making an appropriate entry in CDP's electronic register of the Units that have been transferred in accordance with CDP trading requirements, and the above paragraph will not apply to such transfers.

## **27. CONFLICTS OF INTEREST**

The Manager may from time to time have to deal with competing or conflicting interests of the Products with other funds managed by the Manager. For example, the Manager may make a purchase or sale decision on behalf of some or all of the other funds managed by them without making the same decision on behalf of the Products, as a decision whether or not to make the same investment or sale for the Products depends on factors such as the cash availability and portfolio balance of the Products. The Manager may also make a simultaneous decision to purchase securities on behalf of any other fund, which same securities may be sold by the Manager for the Products and vice versa. However, the Manager will use reasonable endeavours at all times to act fairly and in the interests of the Products and investors. In particular, after taking into account the availability of cash and relevant investment guidelines of the other funds managed by the Manager and the Products, the Manager will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the Products and the other funds managed by the Manager.

The Manager, their directors and related companies may invest in any Product. On behalf of each Product, the Manager may deploy excess cash into other funds managed by the Manager, specifically fixed income/money market funds (including ETFs), in order to optimise returns from this excess cash. The Manager will be deploying such excess cash into these other funds which provide liquidity at short notice and are of a lower risk profile.

The Manager may receive management fees from the investments by the Products in other funds managed by the Manager. The Manager reserves the right not to rebate the management fees charged by such fixed income/money market funds (including ETFs) back to the Product but may charge a lower fee at the discretion of the Manager. In such circumstances, the Manager will have regard to its obligations under the Trust Deed and the Code and, in particular, to its obligation to act in the best interests of the Trust and the investors. If such conflicts do arise, the Manager will use its best efforts

to resolve such conflicts fairly.

The Manager may also trade with and lend securities to its related corporations and/or any third party. To mitigate any potential conflict of interest, the Manager will conduct the transactions on an arm's length basis. To the extent that the Manager engages in securities lending or repurchase transactions for a Product, the revenue arising from such transactions will accrue to the relevant Product.

The Trustee is or may be involved in other financial, investment and professional activities which may on occasion cause conflict of interest within the management of the Products. These include trustee and custodial and registrar services and serving as directors, officers, advisers or agents of other funds or other companies, including companies in which the Products may invest. The Trustee will ensure that the performance of its duties will not be impaired by any such involvement that it may have. In the event that a conflict of interest does arise, the Trustee shall endeavour to ensure that it is resolved fairly and in the interest of investors. Associates of the Trustee may be engaged to provide banking, brokerage and financial services to the Products or buy, hold and deal in any investment or enter into contracts or other arrangement with the Trustee and make profits from these activities. Such services, when provided, will be on an arm's length basis.

## **28. REMOVAL OF THE MANAGER**

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

- (a) the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Trustee) or if a receiver is appointed over any of its assets and shall not be discharged within 60 days or if a liquidator or judicial manager is appointed in respect of the Manager;
- (b) the Manager ceases to carry on business;
- (c) the Trustee shall form the opinion for good and sufficient reason, and shall so state in writing to the Manager that a change of manager is desirable in the interests of the Holders, provided that if the Manager within one month after such statement expresses its dissatisfaction in writing with such opinion, the matter shall then forthwith be referred to arbitration in accordance with the provisions of the Arbitration Act 2001 of Singapore, before three arbitrators, the first of whom shall be appointed by the Manager, the second of whom shall be appointed by the Trustee and the third of whom shall be jointly appointed by the Manager and the Trustee (failing which appointment, the third arbitrator shall be appointed by the President of the Court of Arbitration of the Singapore International Arbitration Centre) and any decision made pursuant thereto shall be binding upon the Manager, Trustee and the Holders;
- (d) the Holders (for which purpose Units held or deemed to be held by the Manager shall not be included) by extraordinary resolution duly passed at a meeting of Holders, shall so decide; or
- (e) the MAS directs the Trustee to remove the Manager,

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

## **29. RETIREMENT OF THE MANAGER**

The Manager shall have the power to retire in favour of another manager considered by the Trustee to be suitably qualified, upon giving not less than 90 days' written notice to the Trustee and to the Holders and subject to such person entering into a deed or deeds providing for the matters mentioned under the Trust Deed. The Trustee shall as soon as practicable and by not more than 90 days after the Manager has indicated its intention to retire, give notice to Holders to convene a meeting of Holders to consider an extraordinary resolution to approve some other person considered by the Trustee to be suitably qualified to act as manager of the Trust.

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

## **30. REMOVAL OF THE TRUSTEE**

The Manager may by notice in writing to the Trustee remove the Trustee from office if any of the following shall occur, namely:

- (a) the Trustee shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Manager) or if a receiver is appointed over any of its assets or if a liquidator or judicial manager is appointed in respect of the Trustee;
- (b) the Trustee ceases to carry on business;
- (c) the Trustee fails or neglects after reasonable notice in writing from the Manager to carry out or satisfy any material obligations that may be imposed on the Trustee under the Trust Deed;
- (d) the Holders (for which purpose Units held or deemed to be held by the Trustee shall not be regarded as being outstanding) by extraordinary resolution duly passed at a meeting of Holders, shall so decide; or
- (e) the MAS directs that the Trustee be removed.

## **31. RETIREMENT OF THE TRUSTEE**

Under the terms of the Trust Deed, the Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee. Notwithstanding any other provisions of the Trust Deed, the Trustee may retire from office by giving not less than 90 days' written notice (or 30 days' written notice in the event of liquidation of the Manager, or a material breach by the Manager of its obligations under the Trust Deed) to the Manager. In the event of the Trustee desiring to retire the Manager shall find within 90 days (or, as the case may be, 30 days) from the date the Trustee notifies the Manager of such desire a new trustee to act as trustee and the Manager shall by deed supplemental hereto appoint such new trustee to be the trustee in the place of the retiring Trustee. If within a period of 90 days (or, as the case may be, 30 days) after the date on which the Trustee expresses in writing to the Manager its desire to retire, the Manager shall have failed to appoint a new trustee, the Trustee shall be entitled (but not obliged) to appoint a new trustee on the same basis as aforesaid or to terminate the Trust in accordance with the Trust Deed. The Trustee may only retire where adequate arrangements reasonably acceptable to the Manager have been made (i) for another trustee approved by the MAS to assume responsibility for the administration of the Trust, (ii) for another trustee to become a party to the Trust Deed, (iii) for

the Trustee's interest in the Deposited Property to be transferred to that trustee (including all books, documents and records), and (iv) for the Trustee to retire at the same time as the new trustee replaces it. The Manager shall as soon as practicable after the date when a change of trustee is effective give notice to the Holders of such change of trustee specifying the name and the address of the office of the new trustee in accordance with all applicable legal and regulatory requirements.

### **32. LIABILITY AND INDEMNITY OF TRUSTEE, MANAGER AND REGISTRAR**

*Please note that the following paragraphs are extracts from the Trust Deed and investors should refer to the Trust Deed for full details on the clauses relating to exemptions from liability (as well as indemnities) provided to the Trustee and the Manager pursuant to the Trust Deed.*

None of the Trustee, the Manager or the Registrar or each of their duly appointed agents or delegates (hereinafter referred to as "**appointees**" for purposes of this paragraph 32 "Liability and Indemnity of Trustee, Manager and Registrar") shall incur any liability in respect of any action taken or thing suffered by them in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other document of title, or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.

None of the Trustee, the Manager, the Registrar or each of their appointees shall be responsible for the authenticity of any signature on or any seal affixed to any endorsement on any certificate or to any instrument of transfer or form of application, request for realisation, endorsement or other document affecting the title to or transmission of Units (including signatures on such documents received by mail, facsimile, electronic mail or otherwise) or be in any way liable for any forged or unauthorised signature on or seal affixed to such endorsement, transfer, form or other document or for acting or relying on or giving effect to any such forged or unauthorised signature or seal or for exercising their discretion not to act on such instructions received by mail, facsimile, electronic transmission or otherwise.

The Trustee, the Manager and each of their appointees may rely upon the established practice and rulings of any Recognised Stock Exchange and Recognised Futures Exchange and any committees and officials thereof on which any dealing in any investment is from time to time effected in determining what shall constitute a good delivery and any similar matters and such practice and rulings shall be conclusive and binding upon all persons under the Trust Deed.

None of the Trustee, the Manager or the Registrar or each of their appointees shall be responsible for acting upon any resolution purporting to have been passed at any meeting of Holders in a particular Product or (as the case may be) of all the Holders of Units, 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 in that Product, or (as the case may be) all the Holders of Units.

None of the Trustee, the Manager or the Registrar or each of their appointees shall incur any liability to the Holders or any of them for doing or (as the case may be) failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto or of any decree, order or judgment of any court or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government or regulatory authority (whether legally or otherwise) either they or any of them shall be directed or requested to do or perform or to forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out the provisions of the Trust Deed, none of the Trustee, the Manager or the Registrar or each of their appointees shall

be under any liability therefor or thereby.

The Trust Deed includes indemnities given in favour of the Trustee and the Manager and any indemnity expressly given to the Trustee or to the Manager or each of their appointees in the Trust Deed is in addition to and without prejudice to any indemnity allowed by law.

Nothing in any of the provisions of the Trust Deed shall (i) exempt either the Trustee, the Manager or each of their appointees (as the case may be) from or against any liability to Holders due to its fraud, wilful default or negligence or any liability to Holders imposed by virtue of any Singapore law in relation to its duties nor (ii) indemnify either the Trustee or the Manager (as the case may be) against such liability by Holders or at Holders' expense.

The Trustee and the Manager may act upon any advice of or information obtained from any bankers, accountants, brokers, lawyers, agents or other persons acting as agents or advisers either of the Trustee or of the Manager and shall not be liable for anything done or omitted or suffered in good faith in reliance upon such advice or information.

Any advice or information may be obtained or sent by letter, telegram, facsimile transmission or electronic mail and neither the Trustee nor the Manager shall be liable for acting on any advice or information purported to be conveyed by any such letter, facsimile transmission or electronic mail notwithstanding that the same shall contain some error or shall not be authentic.

None of the Trustee, the Manager or the Registrar or each of their appointees shall be under any liability except such liability as may be expressly imposed by the Trust Deed nor shall any of them (save as herein otherwise appears) be liable for any act or omission of the other of them.

Subject to the terms of the Trust Deed, the Manager and the Trustee and any of their appointees shall be indemnified out of the Deposited Property against any action, costs, claims, damages, liabilities, expenses or demands (other than those arising out of any liability or obligation to the Holders imposed on the Trustee or Manager pursuant to the laws of Singapore or the proper law of the Trust Deed (if different)) to which it may be put as trustee or manager (as the case may be) and for this purpose shall have recourse to the assets of the relevant Product in respect of which such action, costs, claims, damages, liabilities, expenses or demands have been made or arose out of or, where such action, costs, claims, damages, liabilities, expenses or demands relate to the Trust as a whole, the Deposited Property or any part thereof. This indemnity, subject to the Trust Deed, shall survive the retirement, removal or discharge of the Trustee or the Manager. For the purposes of such indemnity and reimbursement, the Trustee or the Manager may from time to time realise such property of the Deposited Property in such manner and at such time as the Trustee or the Manager thinks fit upon prior written notice to the Manager or the Trustee, as appropriate.

For the avoidance of doubt, any reference to the Trustee in this paragraph 32 shall be construed to mean the Trustee in its own capacity and, where appropriate, in its capacity as the Registrar of the Trust.

The Trustee or the Manager or the Registrar or any custodian appointed by the Trustee or any Connected Person of those respective parties may contract or enter into any financial, banking or other transaction with one another or with any Holder or any company or body any of whose shares or Securities, Futures Contracts, financial instruments or investment products form part of any Product or may be interested in any such contract or transaction provided that such contract or transaction shall be conducted at arm's length, and the Trustee, the Manager, the Registrar, the Custodian and such

Connected Person shall not be in any way liable to account to the Trust or any Product or the Holders or any of them for any profit or benefit made or derived thereby or in connection therewith.

The Trustee shall not be under any obligation to appear in, prosecute or defend any action or suit in respect of the provisions of the Trust Deed or in respect of any Product or any part thereof or any corporate or shareholders' action which in its opinion would or might involve it in expense or liability unless the Manager shall so request in writing and the Trustee shall be indemnified out of the Deposited Property of the relevant Product to its satisfaction against any costs or expenses in connection with the Trustee appearing, prosecuting or defending such action or suits.

Provided that the Trustee has exercised reasonable care and diligence in the selection, appointment and ongoing monitoring of any agent, nominee, custodian, co-custodian, sub-custodian or delegate (each a "**Correspondent**"), the Trustee shall not be liable for any loss to the Trust (including any Product) incurred by reason of any act or omission of, or liquidation, insolvency or bankruptcy of any Correspondent any Correspondent, save where such loss arises directly as a result of the fraud, wilful default or negligence of the Trustee.

Notwithstanding any other provision of the Trust Deed under no circumstances shall the Trustee have any liability:

- (a) for any loss, damage, claim, cost or expense resulting from or caused by the liquidation, bankruptcy, insolvency, administration, act or omission of, any prime broker or central securities depository or clearing system or settlement system or clearing system depository or any other person with which any authorised investments and other property or assets acquired in relation to any Product are deposited;
- (b) for any loss, damage, claim, cost or expense resulting from or caused by the authorised investments and other property or assets acquired in relation to any Product which have been placed with any portfolio managers, futures commission merchants, bankers, lenders, agents, nominees, brokers, prime brokers or other intermediaries upon the instructions of the Manager or the Manager's delegates;
- (c) for any loss, damage, claim, cost or expense resulting from or caused by the authorised investments and other property or assets acquired in relation to any Product not registered in the name of the Trustee or its nominee; and
- (d) for any loss, damage, claim, cost or expense resulting from or caused by the insolvency of or act or omission of any agent, nominee or custodian not appointed by it.

Subject to the terms of the Trust Deed, the Trustee and the Manager shall not be liable to any person for any indirect or consequential loss, loss of business, goodwill, opportunity or profit or any special or punitive damages of any kind whatsoever; in each case however caused or arising and whether or not foreseeable, even if advised of the possibility of such loss or damage.

In the absence of fraud, wilful default or negligence by the Manager or the Trustee, neither of them shall incur any liability by reason of any loss which any Holder may suffer by reason of any depletion in the Net Asset Value of any Product which may result from any borrowing arrangements made hereunder by reason of fluctuations in rates of exchange or otherwise and (save as otherwise expressly provided in the Trust Deed) the Manager and the Trustee and its duly appointed agents shall be entitled to be indemnified out of and have recourse to the relevant Product in respect of any liabilities, costs, claims

or demands which it may suffer arising directly or indirectly from the arrangements referred to in the Trust Deed.

### **33. EXCHANGE CLEARANCE AND SETTLEMENT**

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

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

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

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

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Holders in respect of the number of Units credited to their respective Securities Accounts. Investors should note that as long as the Units are listed on the SGX-ST, Units may not be withdrawn from the depository register kept by CDP.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a transfer fee payable to CDP (investors should refer to the CDP's website at <http://sgx.com.sg> for the latest applicable transfer fee). All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the CDP will be implemented.

Trading of the Units on the SGX-ST will be carried out in the currency(ies) as specified in the relevant Appendix, and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the second Business Day following the transaction date (or such other period as may be determined by CDP). CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

### **33.2 Clearing Fees**

A clearing fee and an SGX access fee for the trading of Units on the SGX-ST is payable at the rate of 0.0325% and 0.0075% of the transaction value respectively (or such other rate of clearing fee and SGX access fee as the SGX-ST may determine from time to time). The clearing fee, access fee, instrument of transfer, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

### **33.3 Dual Currency Trading**

A Product may be traded in different currency denominations on the SGX-ST, as specified in the relevant Appendix. Investors can buy and/or sell Units in a currency specified in the relevant Appendix, regardless of the currency in which it was first bought and/or sold.

Unit holdings will be consolidated in investors' CDP accounts so that the total number of Units can be viewed at a glance, for example, 1,000 US\$-denominated Units and 2,000 S\$-denominated Units will be reflected as 3,000 Units in an investor's CDP account.

In most cases, the traded prices in the two currency counters should theoretically be equivalent or close to each other, taking into consideration the prevailing foreign exchange rate. However, in certain cases, due to market supply and demand factors in the respective counters and the market activity of the market makers, the price relationship and difference between the two counters might not necessarily be the foreign exchange rate between both counters.

Investors should refer to the SGX website at [www.sgx.com](http://www.sgx.com) for more information on dual currency trading.

## **34. TERMINATION**

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

The Trust may be terminated by the Trustee giving prior written notice to the Manager and the Holders if any of the following events shall occur, namely:

- (a) if the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Trustee) or if a receiver is appointed over any of its assets and shall not be discharged within 60 days or if a liquidator or judicial manager is appointed in respect of the Manager;
- (b) the Manager ceases to carry on business;
- (c) the Trustee forms the opinion for good and sufficient reason and shall so state in writing to the Manager that the Manager is incapable of performing its duties under the Trust Deed satisfactorily;
- (d) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal, impracticable or inadvisable in the good faith opinion of the Trustee to continue;



- (e) the Trustee shall be unable to find a person acceptable to the MAS to act as the new manager within 90 days after the retirement or removal of the Manager for the time being pursuant to the Trust Deed;
- (f) the Trustee shall have decided to retire pursuant to the Trust Deed, but after the expiration of 90 days after the Trustee giving notice to the Manager of its desire to retire, the Manager shall be unable to find a suitable person who is willing to act as trustee; or
- (g) the MAS directs the termination of the Trust.

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

The Trustee may by notice in writing to the Manager, terminate one or more Products if:

- (a) the Trustee forms the opinion for good and sufficient reason that the Manager is incapable of performing its duties under the Trust Deed satisfactorily in respect of the relevant Product; or
- (b) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Product and which renders the relevant Product illegal, impracticable or inadvisable in the good faith opinion of the Trustee to continue.

The Trustee may, in its absolute discretion, terminate a Product under any of the circumstances set out above, by giving three months' prior notice in writing to the Manager, save that the Trustee may terminate a Product forthwith pursuant to paragraph (b) above.

The Trust may be terminated by the Manager in its absolute discretion by notice in writing to the Trustee and the Holders if:

- (a) after one Year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Product outstanding hereunder shall be less than S\$20 million;
- (b) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal, impracticable or inadvisable in the good faith opinion of the Manager to continue; or
- (c) within a reasonable time and using commercially reasonable endeavours, the Manager shall be unable to find a person acceptable to the Manager to act as the new trustee after deciding to remove the Trustee for the time being pursuant to the Trust Deed.

The Manager may, in its absolute discretion, terminate the Trust under any of the circumstances set out above, by giving three months' prior notice in writing to the Trustee, save that the Manager may terminate the Trust forthwith pursuant to paragraph (b) above.

One or more Products may be terminated by the Manager in its absolute discretion by notice in writing to the Trustee if:

- (a) after one Year from the date of establishment of the relevant Product, the aggregate Net Asset Value of all the Units in the relevant Product outstanding hereunder shall be less than S\$20 million;

- (b) any law or regulation shall be passed or amended or any regulatory directive or order is imposed that affects a Product and which renders such Product illegal, impracticable or inadvisable in the good faith opinion of the Manager to continue;
- (c) in the case where the Manager decides to retire, either the Trustee shall be unable to find a person acceptable to the MAS to act as the new manager after the expiration of 90 days from the Manager giving the Trustee notice of its intention to retire pursuant to the Trust Deed;
- (d) the Index is no longer available for benchmarking or the Index license agreement is terminated and no suitable replacement Index is available to the Product;
- (e) the Units of the relevant Product are no longer listed on the SGX-ST or any other Recognised Stock Exchange (as the case may be);
- (f) the CDP or any other central depository system for the holding and transfer of book-entry securities is no longer able to act as the depository for the Units listed on the SGX-ST or any other Recognised Stock Exchange (as the case may be);
- (g) the MAS revokes or withdraws the authorisation of the Product under the Securities and Futures Act;
- (h) at any time, the relevant Product ceases to have any Participating Dealer;
- (i) the Manager is unable to implement its investment strategy in respect of the relevant Product; or
- (j) at any time, the relevant Product ceases to have any market maker.

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

The party terminating the Trust or relevant Product shall give notice thereof to the Holders 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 (unless otherwise stated). Any such notice to be given to Holders in relation to the termination of the Trust and/or a Product will also be published on the Manager's website and SGXNET.

Further, the Holders may at any time authorise the termination of the Trust and/or a Product by extraordinary resolution passed at a duly convened meeting of Holders.

Upon the Trust or any Product being terminated, subject to authorisations or directions (if any) given to it by the Holders by extraordinary resolution:

- (a) No Participating Dealer may submit a Redemption Application.
- (b) The Manager shall arrange the sale of all investments then comprised in each Product being terminated and such sale shall be carried out and completed in such manner and within such period after the termination of the relevant Product as the Manager shall consider advisable.
- (c) The Trustee shall from time to time distribute to the Holders in each Products being terminated rateably in accordance with the number of Units held by them respectively all net cash proceeds

derived from the realisation of the investments comprised in the relevant Product and available for the purposes of such distribution except that in the event that circumstances exist as a result of which, in the sole opinion of the Manager notified to the Trustee, it is not reasonably practicable to realise all the investments comprised in the relevant Product, the Trustee shall, where possible, distribute to the Holders in each Product rateably in accordance with the number of Units held by them respectively the investments available *in specie* at a valuation determined by the Trustee (provided that no Holder will be required to accept the distribution to him of any assets *in specie* without his written consent).

- (d) All payments in respect of such distributions shall be made in accordance with the relevant provisions of the Trust Deed. Every such distribution shall be made only upon delivery to the Trustee of such form of request for payment as the Trustee shall in its absolute discretion require.
- (e) The Trustee shall not be bound (except in the case of the final distribution) to distribute any of the monies for the time being comprised in each Product the amount of which is insufficient to pay S\$0.01 in respect of each Unit.
- (f) The Trustee shall be entitled to retain out of any monies comprised in the Trust or any Product such sum as it shall determine to be full provision for all costs, charges, expenses, claims, demands, actions and proceedings incurred, made or instituted against or apprehended by the Trustee in connection with or arising out of the Trust or the termination thereof or of any Product and shall, out of the monies so retained, be indemnified and saved harmless against any such costs, charges, expenses, claims, demands, actions and proceedings.
- (g) Subject to a deed supplemental hereto having been duly executed pursuant to the Trust Deed and in accordance with the provisions of such deed, and paragraph (c) above, the Trustee may distribute the whole or any part of the entitlement of a Holder *in specie* or kind.
- (h) Any unclaimed proceeds or other monies held by the Trustee may at the expiration of 6 years from the date upon which the same became payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

In the event that the Trust or any Product is terminated by the Trustee or the Manager in accordance with the terms of this Prospectus or the Trust Deed, notice of such termination will be announced on the SGXNET and the Manager shall notify the MAS and the SGX-ST of such termination at least 7 days before the effective date of the termination of the Trust or any Product.

### **35. TAXATION**

The following summary of certain Singapore income tax consequences of the purchase, ownership and disposition of Units is based upon laws and regulations now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Units and does not purport to deal with the consequences of application to all categories of investors, some of which may be subject to special rules. The comments herein are not binding on the Singapore tax authorities and there can be no assurance that it will not take a position contrary to any of the comments herein. You are advised to consult your own tax advisers concerning the application of Singapore tax laws to your particular situation as well as any consequences of the purchase, ownership and disposition of Units arising under the laws of any other tax jurisdictions.

### 35.1 Taxation of Phillip MSCI Singapore Daily (2x) Leveraged Product and Phillip MSCI Singapore Daily (-1x) Inverse Product

The Singapore income tax comments herein are based on the details of the Section 13D tax exemption scheme released by the MAS in its circulars dated 31 August 2007, 30 April 2009, 21 February 2012, 30 May 2014, 4 May 2018, 7 June 2019 and 19 September 2022. The changes announced in the Budget 2019 and 2022 that have been incorporated in the MAS circular dated 7 June 2019, 19 September 2022 respectively have not yet been legislated. The relevant legislative provisions applicable are contained in Section 13D of the Income Tax Act 1947, as well as the Income Tax (Exemption of Income of Prescribed Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (the “**Section 13D Regulations**”) gazetted on 7 January 2010 and amended from time to time.

The Products may be construed to be carrying on activities of a trade or business in Singapore by virtue of the activities of the Manager. Accordingly, the income derived by the Products may be considered to be income accruing in or derived from Singapore and subject to Singapore income tax, unless the income is exempted from tax pursuant to Section 13D of the Income Tax Act 1947.

#### Section 13D Tax Exemption Scheme

Under Section 13D of the Income Tax Act 1947 and the Section 13D Regulations (hereinafter referred to as the “**Tax Exemption Scheme**”), “specified income” derived by a “prescribed person” in respect of “designated investments” is exempt from tax in Singapore, if the funds of the “prescribed person” are managed by a “fund manager” in Singapore and certain conditions are met.

The Trustee (in its capacity as the trustee of the Trust and hence, each Product) will be a “prescribed person” for the purpose of the Tax Exemption Scheme if at all times during the basis period for the year of assessment:

- (a) the Trustee does not, in its capacity as trustee of the Trust, have a permanent establishment in Singapore (other than due to its functions as the trustee of the Trust, or the presence of the Manager or any other person who acts on behalf of the trustee in carrying out its functions as trustee of the Trust);
- (b) the Trustee does not, in its capacity as trustee of the Trust, carry on a business in Singapore (other than due to its functions as the trustee of the Trust); and
- (c) the income of the Trustee, in its capacity as trustee of the Trust, is not derived from investments transferred (other than by way of a sale on market terms and conditions) from a person carrying on a business in Singapore where the income derived by that person from those investments was not, or would not have been if not for the transfer, exempt from tax.

Any income and gains derived on or after 19 February 2022 from “designated investments” will be considered as “specified income”, except for the following:

- (a) distributions made by a trustee of a real estate investment trust<sup>5</sup> that is listed on the Singapore

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<sup>5</sup> As defined in Section 43(10) of the Income Tax Act 1947, which is a trust constituted as a collective investment scheme authorised under section 286 of the Securities and Future Act 2001 and listed on the Singapore Exchange, and that invests or proposes to invest in immoveable property and immovable property-related assets.

Exchange;

- (b) distributions made by a trustee of a trust who is a resident in Singapore or a permanent establishment in Singapore, other than a trust that enjoys tax exemption under sections 13D, 13F, 13L or 13U of the Income Tax Act 1947;
- (c) income or gain derived or deemed to be derived from Singapore from a publicly-traded partnership and / or non-publicly traded partnership, where tax is paid or payable in Singapore on such income of the partnership by deduction or otherwise; and
- (d) income or gain derived or deemed to be derived from Singapore from a limited liability company, where tax is paid or payable in Singapore on such income of the limited liability company by deduction or otherwise.

The list of “designated investments” on or after 19 February 2022 is as follows:

- (a) stocks and shares of any company, other than an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (b) debt securities (i.e. bonds, notes, commercial papers, treasury bills and certificates of deposits), other than non-qualifying debt securities<sup>6</sup> issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (c) units in real estate investment trusts and exchange traded funds constituted in the form of trusts and other securities (not already covered in other sub-paragraphs of the “designated investments” list) but excludes any securities issued by any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (d) Futures contracts held in any futures exchanges;
- (e) Immovable property situated outside Singapore;
- (f) Deposits held with any financial institution;
- (g) Foreign exchange transactions;
- (h) Interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and financial derivatives relating to any designated investment specified in this list or financial index;
- (i) Units in any unit trust, except:
  - (i) a unit trust that invests in Singapore immovable properties;

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<sup>6</sup> “Non-qualifying debt securities” will refer to debt securities that do not enjoy the “Qualifying Debt Securities” tax status as defined under Section 13(16) of the Income Tax Act 1947.

- (ii) a unit trust that holds stock, shares, debt or any other securities, that are issued by any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development); and
  - (iii) a unit trust that grant loans that are excluded under (j) below;
- (j) Loans, including secondary loans, credit facilities and advances, except:
- (i) loans granted to any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
  - (ii) loans to finance/ re-finance the acquisition of Singapore immovable properties; or
  - (iii) loans that are used to acquire stocks, shares, debt or any other securities, that are issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (k) Commodity derivatives<sup>7</sup>;
- (l) Physical commodities other than physical investment precious metals mentioned in (z) below, if:
- (i) the trading of those physical commodities by the prescribed person, approved company or approved person in the basis period for any year of assessment is done in connection with and is incidental to its trading of commodity derivatives (referred to in this paragraph as related commodity derivatives) in that basis period; and
  - (ii) the trade volume of those physical commodities traded by the prescribed person, approved company or approved person in that basis period does not exceed 15% of the total trade volume of those physical commodities and related commodity derivatives traded in that basis period;
- (m) Units in a registered business trust;
- (n) Emission derivatives<sup>8</sup> and emission allowances;
- (o) Liquidation claims;
- (p) Structured products (as defined in Section 13(16) of the Income Tax Act 1947);
- (q) Islamic financial products<sup>9</sup> and investments in prescribed Islamic financing arrangements under Section 34B of the Income Tax Act 1947 that are commercial equivalents of any of the other

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<sup>7</sup> Commodity derivatives means derivatives the payoffs of which are wholly linked to the payoffs or performance of the underlying commodity.

<sup>8</sup> Emission derivatives means derivatives, the payoffs of which are wholly linked to the payoffs or performance of the underlying emission allowances.

<sup>9</sup> Recognised by a Shariah council, whether in Singapore or overseas.

designated investments specified in this list;

- (r) Private trusts that invest wholly in “designated investments” specified in this list;
- (s) Freight derivatives<sup>10</sup>;
- (t) Publicly-traded partnerships<sup>11</sup> that do not carry on a trade, business, profession or vocation in Singapore;
- (u) Interests in limited liability companies that do not carry on any trade, business, profession or vocation in Singapore;
- (v) Bankers’ acceptances issued by financial institutions;
- (w) Accounts receivables and letters of credits;
- (x) Interests in Tokumei Kumiai (TK)<sup>12</sup> and Tokutei Mokuteki Kaisha (TMK)<sup>13</sup>;
- (y) Non-publicly-traded partnerships that:
  - (i) do not carry on a trade, business, profession or vocation in Singapore; and
  - (ii) invest wholly in designated investments specified in this list; and
- (z) Physical investment precious metals, if the investment in those physical investment precious metals does not exceed 5% of the total investment portfolio, calculated in accordance with the formula  $A \leq 5\% \text{ of } B$ , where -
  - (i) A is the average month-end value of the total investment portfolio in physical investment precious metals over the basis period; and
  - (ii) B is the value of the total investment portfolio as at the last day of the basis period.

A “fund manager” for the purpose of the Tax Exemption Scheme means a company holding a capital markets services licence under the Securities and Futures Act for fund management or one that is exempt under the SFA from holding such a licence. The Manager holds a capital markets services licence under the SFA for fund management (see section headed “Manager”) and the Manager is thus

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<sup>10</sup> Freight derivatives means derivatives, the payoffs of which are wholly linked to the payoffs or performance of the underlying freight rates.

<sup>11</sup> The allocation of profits from such partnerships to the fund vehicle will be considered as specified income. However, the fund vehicle would not be entitled to a refund of any taxes that was imposed on the partnership profits. This would relate to the publicly-traded partnerships’ profits which are derived or deemed to be derived from Singapore, and examples of such income are payments that fall within section 12(6) and (7) of the Income Tax Act 1947.

<sup>12</sup> A TK is a contractual arrangement under which one or more silent investors (the TK investor) makes a contribution to a Japanese operating company (the TK operator) in return for a share in the profit/ loss of a specified business conducted by the TK operator (the TK business).

<sup>13</sup> A TMK is generally a type of corporation formed under Japanese law. It is a structure / entity used for securitisation purposes in Japan.

a “fund manager” for the purpose of the Tax Exemption Scheme.

The Manager will endeavour to conduct the affairs of each Product and the Trustee (in its capacity as trustee of the Products) will conduct its affairs in such a way that the Trustee will qualify for the Tax Exemption Scheme. Notwithstanding the foregoing, there is no assurance that the Manager and the Trustee will, on an on-going basis, be able to ensure that each Product and the Trustee will always meet all the qualifying conditions under the Tax Exemption Scheme. Upon any such disqualification, the Trustee, in its capacity as the trustee of the Products may be exposed to Singapore tax on income and gains of each Product, wholly or partially as the case may be, at the prevailing corporate tax rate (currently 17 per cent).

The Tax Exemption Scheme is currently available up to 31 December 2024. As long as the Trustee in its capacity as the trustee of each Product is a “prescribed person” at all times before 1 January 2025, the Tax Exemption Scheme would continue to apply to each Product even if the scheme is not extended beyond 31 December 2024, provided that the Trustee continues to be a “prescribed person” and meets all the qualifying conditions for the Tax Exemption Scheme. No application or approval from the MAS is required for the Tax Exemption Scheme, which is self-administered.

### **35.2 Taxation of Holders**

Provided that the Trustee (in its capacity as trustee of the Products) is a “prescribed person” which derives “specified income” in respect of “designated investments”, the Singapore income tax consequences to a Holder of a Product will, among others, depend on whether or not the Holder is a “qualifying investor” and the Holder’s individual circumstances.

A “qualifying investor” of a “prescribed person” will not be subject to payment of a financial penalty to the Singapore Comptroller of Income Tax (“CIT”).

A “qualifying investor” of a “prescribed person” is:

- (A) an individual investor;
- (B) a bona fide non-resident non-individual investor<sup>14</sup> (excluding a permanent establishment in Singapore) that:
  - (1) does not have a permanent establishment in Singapore (other than a fund manager) and does not carry on a business in Singapore; or
  - (2) carries on an operation in Singapore through a permanent establishment in Singapore but does not use funds from its operation in Singapore to invest directly or indirectly in the “prescribed person” or the trust fund for which the “prescribed person” is the trustee;
- (C) a “designated person” as defined in the Income Tax (Exemption of Income of Prescribed Persons

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<sup>14</sup> A bona fide non-resident non-individual investor is one which carries out substantial business activities for genuine commercial reasons and has not as its sole purpose the avoidance or reduction of tax.



Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010;

- (D) an approved company under Section 13O of the Income Tax Act 1947 which, at all times during the basis period for the year of assessment for which the income of the “prescribed person” is exempt from tax under Section 13D of the Income Tax Act 1947, and satisfies the conditions in regulation 3(2) of the Income Tax (Exemption of Income of Approved Companies Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010;
- (E) an approved person under Section 13U of the Income Tax Act 1947 which, at all times during the basis period for the year of assessment for which the income of the “prescribed person” is exempt from tax under Section 13D of the Income Tax Act 1947, and satisfies the conditions in regulation 3(2) of the Income Tax (Exemption of Income Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010; or
- (F) an investor other than those listed in (A) to (E) which, alone or with its associates:
  - (1) beneficially owns not more than 30% of the total value of the “prescribed person” if the “prescribed person” has less than 10 investors; or
  - (2) beneficially owns not more than 50% of the total value of the “prescribed person” if the “prescribed person” has 10 or more investors.

This is also known as the “30/50 rule”.

For the purpose of determining whether an investor of the “prescribed person” is an associate of another investor of the “prescribed person”, the two investors shall be deemed to be associates of each other if:

- (A) at least 25% of the total value of the issued securities in one investor is beneficially owned, directly or indirectly, by the other; or
- (B) at least 25% of the total value of the issued securities in each of the two investors is beneficially owned, directly or indirectly, by a third person except where an investor is an independent listed entity and does not have 25% or more shareholding in any other investor.

The “deemed association” tests in (A) and (B) above do not apply where:

- (a) no third person (other than an individual or a “designated person”) beneficially owns, directly or indirectly, at least 25% of the total value of issued securities of the two investors, and at least 25% of the total value of the issued securities in each of the two investors is owned either directly by an individual or a “designated person”, or indirectly through a nominee company or a trust fund by an individual or a “designated person”;
- (b) one of the investors is an “approved person” under Section 13U of the Income Tax Act 1947 which, at all times during the basis period for the year of assessment for which the income of a “prescribed person” is exempt from tax under Section 13D of the Income Tax Act 1947:
  - (1) beneficially owns directly any part of the trust fund if the “prescribed person” is a trustee of a trust fund; and

- (2) satisfies all the conditions in regulation 3(2) of the Income Tax (Exemption of Income Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010.

Holders should take note of this aggregation rule. Holders should also note that for the purposes of determining whether other Holders who are connected with them are associates under this aggregation rule, shareholdings of non-resident non-individual Holders connected to them may be aggregated (notwithstanding that these persons are themselves “qualifying investors”) in assessing whether the relevant thresholds have been exceeded.

The Trust, the Trustee and the Manager reserve the right to request such information as any of the Trust, the Trustee and the Manager, as the case may be, in its absolute discretion may deem necessary to ascertain whether Holders are associates with each other for the purposes of the Tax Exemption Scheme.

A “non-qualifying investor”, which is an investor other than a “qualifying investor”, will have to pay a financial penalty to the CIT, subject to the exception noted below. Such financial penalty is computed as follows:

Financial penalty = A x B x C where:

A: is the percentage of the total value of the “prescribed person” which is beneficially owned by the “non-qualifying investor” on the relevant day;

B: is the amount of income of the “prescribed person” as reflected in its audited account for the basis period relating to that year of assessment; and

C: is the corporate tax rate applicable to that year of assessment.

The “value” in relation to the “prescribed person” means the net asset value of the Product as at the relevant day.

The “relevant day” means the last day of the basis period for the year of assessment of the “prescribed person”, or the last day the “prescribed person” avails of the Tax Exemption Scheme.

Where the non-qualifying investor is a non-bona fide non-resident entity, it is not subject to the financial penalty. Instead, the CIT will “look through” that entity. A beneficial owner of that entity (excluding a person who falls within (A), (B), (C), (D) and (E) of the definition of a “qualifying investor”) which:

(A) either alone or together with its associates, beneficially owns at least 30% (if the “prescribed person” has less than 10 investors) or 50% (if the “prescribed person” has 10 or more investors) of the total value of all equity interests of the “prescribed person” on the relevant day; and

(B) is not itself a non-bona fide entity,

shall be liable to pay the financial penalty in proportion to its equity interests in the “prescribed person”. Reference to “non-qualifying investor” in the formula for computing financial penalty as discussed above would then be replaced by reference to such beneficial owner.

The status of whether an investor is a “qualifying investor” will be determined on the relevant day of the “prescribed person”. If a “non-qualifying investor” can prove to the CIT that the applicable investment limit is exceeded for reasons beyond his reasonable control, the CIT may allow him a three-month grace

period from the relevant day to reduce his percentage of ownership in the “prescribed person” to meet the allowable investment limit.

In general, where the Trustee is a “prescribed person” which derived specified income from designated investments, distributions by the Products should not be subject to Singapore income tax in the hands of the Holders.

#### *Waiver of the 30/50 rule under the Tax Exemption Scheme*

Unit trusts which are constituted on or after 1 April 2019 and meet the definition below will be granted a waiver from the 30/50 rule for the first two years of assessment from the date of the unit trusts’ constitution.

To be eligible for the waiver, the unit trust has to be a retail unit trust, i.e. a unit trust which is included under the Central Provident Fund Investment Scheme or which meets all of the following conditions:

- (a) the unit trust is a collective investment scheme that is authorised under section 286 of the SFA and the units of which are open to public for subscription;
- (b) the unit trust is not a real estate investment trust or a property trust that invests directly in Singapore immovable properties; and
- (c) the trustee of the unit trust is tax resident in Singapore.

As the Products meet the above conditions, the waiver from the 30/50 rule for the first two years of assessment from the date of the unit trust’s constitution should apply.

### **35.3 Disposal or redemption of Units**

The taxation of gains on disposal or redemption of Units derived by the Holders will depend on the particular circumstances of the Holders. This is notwithstanding that the Holders may have paid a financial penalty to the CIT.

Singapore currently does not impose tax on capital gains. Any gains on disposal or redemption of Units are not liable to Singapore income tax provided Units are held as investment assets. Where Units are held as trading assets of a trade or business carried on in Singapore, any gains on disposal or redemption of Units are liable to Singapore income tax under Section 10(1)(a) of the Income Tax Act 1947. Where Units were purchased with the intention or purpose of making a profit by disposal or redemption and not with the intention to be held for long-term investment purposes, any gains on disposal or redemption of Units could be construed as “gains or profits of an income nature” liable to tax under Section 10(1)(g) of the Income Tax Act 1947.

Holders who have adopted or are required to adopt Financial Reporting Standard 109 – Financial Instruments (“FRS 109”), Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“FRS 39”) or their equivalents under the Singapore Financial Reporting Standard International (“**SFRS(I)**”) for financial reporting purposes may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on Units, irrespective of disposal.

Holders and prospective Holders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of Units arising from the

adoption of FRS 39, FRS 109 or their equivalents under SFRS(I).

### **35.4 Reporting Obligations**

To enable Holders to determine their investment stakes in the Products, in respect of any financial year of the Products, the Manager is required to issue an annual statement to each Holder, showing:

- (a) the gain or profit of the Product for that financial year as per the audited financial statement;
- (b) the total value of the Product as at the relevant day;
- (c) the total value of the Product held by the Holder as at the relevant day; and
- (d) whether the Product had less than 10 investors as at the relevant day.

With effect from the year of assessment 2020, instead of issuing annual statement to each Holder, the Manager can choose to publish the information stated above on its website for Holders to assess if they are liable to pay a financial penalty. Whichever method chosen, it should be applied consistently.

The Manager is also required to submit a declaration to the CIT within one month after the date of issue of the audited accounts of the Products, where there are “non-qualifying investors” and furnish the CIT with the details of any such Holders. In this regard, Holders should note that they are each responsible for the computation of the aggregate of the shareholdings held by them and their associates in the Products and may be required to disclose such computation to the Manager from time to time. Holders who are “non-qualifying investor” of the Products will have to declare the financial penalty and provide this amount in their income tax returns for the relevant year of assessment based on the year-end of the Holders.

Holders should also note that the Trust, the Trustee or the Manager may disclose to each other, to any other service provider to the Trust, or to any regulatory body in any applicable jurisdiction any information concerning them and their associates provided by them to the Trust, the Trustee or the Manager and any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.

## **36. MISCELLANEOUS INFORMATION**

### **36.1 Inspection of Documents**

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

- the Trust Deed; and
- the latest available annual report and audited accounts, and the latest semi-annual report and unaudited semi-annual accounts of the Trust (once available).

### **36.2 Online publication of dealing prices**

Upon the listing and quotation of the Units in the Products on the SGX-ST, the Net Asset Value per Unit of the Products will be published on the Manager’s website at [www.phillipfunds.com](http://www.phillipfunds.com) on the Business Day following each Dealing Day.

### **36.3 Information on the Internet**

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

- this Prospectus and the Product Highlights Sheet of each Product (as may be updated, replaced or supplemented from time to time);
- the latest available annual report and audited accounts, and the latest semi-annual report and unaudited semi-annual accounts of the Trust (once available);
- any removal or retirement of the Manager;
- any public announcements made by the Trust, including information with regard to the Indices, notices of the suspension of the calculation of the Net Asset Value, changes in fees, suspension and resumption of trading and changes in the Participating Dealer(s);
- tracking error for each Product;
- average daily tracking difference over 1 year for each Product;
- monthly holdings, the closing Net Asset Value and Net Asset Value per Unit and monthly fund performance information; and
- any material events relating to the management of the Trust.

Material information on the Index of each Product will be available on the website of the relevant Index provider.

### **36.4 Anti-Money Laundering Regulations**

As part of the Manager's and the Trustee's responsibility for the prevention of money laundering and countering the financing of terrorism and to comply with all applicable laws, regulations, notices, codes and guidelines to which the Manager, the Trustee, the Trust or any Product is subject, the Manager, the Registrar or the Trustee may require a detailed verification of an investor's identity and the source of payment of any subscriptions. Depending on the circumstances of each application, a detailed verification may not be required where:

- the investor makes the payment from an account held in the investor's name at a recognised financial institution; or
- the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

### **36.5 Queries and Complaints**

If you have questions concerning the Trust or any Product, you may call the Manager at telephone number (65) 6230 8133.

*The information relating to the Index of each Product as presented in the relevant Appendix has been provided by the relevant Index provider and/or extracted from publicly available information that have not been prepared or independently verified by the Manager, the Trustee or advisers in connection with the offering and listing of Units and none of them makes any representations as to or takes any responsibility for the accuracy, adequacy, timeliness or completeness of such information contained in the relevant Appendix. Any liability for errors or omissions in the relevant Appendix in respect of the information relating to the relevant Index, or for any action taken in reliance on the information in respect of the information relating to the relevant Index contained therein is hereby expressly disclaimed. No warranty of any kind, implied, express or statutory, including but not limited to the warranties of non-infringement of third party rights, title, merchantability, satisfactory quality or fitness for a particular purpose, is given in conjunction with the information relating to the relevant Index of each Appendix.*

## **APPENDIX I – PHILLIP MSCI SINGAPORE DAILY (2X) LEVERAGED PRODUCT**

- A leveraged product tracks the performance of a leveraged position of an index **on a daily basis** and is only suitable for sophisticated trading-oriented investors who constantly monitor the performance of their holding on a daily basis and are in a financial position to assume the risks in futures investments. A leveraged product is a high risk product designed to be used as a short term trading tool for market timing or hedging purposes and is not appropriate for long term (longer than one day) investment. A leveraged product may not be suitable for all investors. It is possible that the entire value of your investment could be lost.
- The risks inherent in a leveraged product are very different from the risks of most traditional ETFs which track an index. If you invest in a leveraged product, in circumstances such as a bear market, you may suffer a complete loss on your investments.
- Due to path dependency of the index, the effect of daily reset and the daily leveraged performance of the index, when comparing the index and the leveraged performance of the index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical leveraged performance of the index will not be equal to the simple leveraged performance of the index over the same period of time. As a result, the value of a leveraged product may be highly volatile, as further explained in Section F of this Appendix.
- If you invest in a leveraged product, you may suffer substantial losses during periods of high volatility. If the relevant index fluctuates and has volatile directional swings from day to day, you may still suffer a loss on your investment even if the value of the relevant index increases or is flat.

### **A. KEY INFORMATION**

The following table is a summary of key information in respect of the Phillip MSCI Singapore Daily (2x) Leveraged Product and should be read in conjunction with the full text of this Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to twice (2x) the daily performance of the MSCI Singapore Index
Investment Strategy	Combination of futures-based synthetic replication strategy and direct investments into the underlying Securities of the Index
Index	MSCI Singapore Index
Index Provider	MSCI Inc.
Listing Date	1 December 2021
Exchange Listing	SGX-ST – Main Board
SGX Counter Name / Code	Primary Currency: PHIL Long SiMSCI2X S\$ / LSS Secondary Currency: PHIL Long SiMSCI2X US\$ / LSU
Trading Board Lot Size	1 Unit

Currency of Account (Base Currency)	Singapore dollars (S\$)
Trading Currencies	Primary Currency: Singapore dollars (S\$) Secondary Currency: US dollars (US\$)
Distribution Policy	Annually
Creation / Redemption (only applicable to Participating Dealers): fully in cash (cash creation/redemption only)	Application Unit size of 50,000 Units (or such higher number of Units in multiples of 1,000 Units)
Dealing Deadline for subscription or redemption of Units	12:00 p.m. (Singapore time) (or such other time as the Manager may determine with prior notification to Participating Dealers)
Management Fee	0.90% per annum of the Net Asset Value Maximum of 1.20% per annum of the Net Asset Value
Trustee's Fee	Up to 0.04% per annum of the Net Asset Value, subject to a minimum of S\$10,000 per annum for Year 1 & Year 2, and S\$15,000 per annum for Year 3 onwards Maximum of 0.05% per annum of the Net Asset Value
Investor Profile	This Product is <u>only</u> suitable for investors who: <ul style="list-style-type: none"> <li>• are sophisticated trading-oriented investors;</li> <li>• are able to constantly monitor the performance of their holding on a daily basis, and are in a financial position to assume the risks in futures investments;</li> <li>• wish to gain leveraged exposure to the Index; and</li> <li>• are prepared to lose the entire value of their investments.</li> </ul> <p>This Product is designed to be used as a short term trading tool for market timing or hedging purposes and are not appropriate for long term (longer than one day) investment.</p>

## B. INVESTMENT OBJECTIVE, APPROACH AND STRATEGY

### 1. Investment Objective

The investment objective of this Product is to provide investment results that, before fees and expenses, closely correspond to twice (2x) the daily performance of the MSCI Singapore Index.

### 2. Investment Strategy

To achieve the investment objective of the Product, the Manager will adopt a strategy of a combination of futures-based synthetic replication and direct investment into the underlying Index Securities. Futures-based synthetic replication will be carried out by investing directly in the SGX MSCI Singapore Free Index Futures (“**SiMSCI Futures**”) subject to the rolling strategy discussed below, to obtain the required exposure to the Index. To the extent that certain SiMSCI Futures are held to expiration, they will be cash settled and there will be no physical delivery. The Manager will be investing directly into the underlying Index Securities in substantially the same weightings as reflected in the Index. The



combined exposure (notional exposure to the SiMSCI Futures plus exposure to the underlying Index Securities) would be approximately 200% of the Net Asset Value of the Product.

In entering into the SiMSCI Futures, the Manager anticipates that no more than 30% of the Net Asset Value of the Product from time to time will be placed in the futures margin account balance to support the Product's positions in the SiMSCI Futures. This is more than the margin requirement necessary (approximately 27.39% of the positions in the SiMSCI Futures (as of 29 September 2023) or such other percentage as may be imposed from time to time) to support the Product's exposure to the SiMSCI Futures and is meant to provide sufficient buffer to mitigate against unfavourable market movements. Under exceptional circumstances of market turbulence and volatility, the futures margin account balance may be increased by the Manager beyond 30% of the Net Asset Value of the Product in order to pre-empt any increased margin requirement by the clearing house.

Subject to the provisions of the Code, the Manager may also invest into unlisted securities (such as fixed income/money market funds) and fixed income/money market ETFs. Such unlisted securities and/or ETFs may include those managed by the Manager. This is in view of the need to optimise returns from significant cash holdings that will be held by the Product, as there will be cash holdings in excess of required margin cash needed to maintain the Product's holding of the SiMSCI Futures. Such investments will not constitute 30% or more of the Net Asset Value of the Product.

The Manager reserves the right not to rebate the management fees charged by such fixed income/money market funds (including ETFs) back to the Product but may charge a lower fee at the discretion of the Manager.

Other than the SiMSCI Futures which are employed for the purpose of optimising returns and efficient portfolio management, the Manager has no intention to invest the Product in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes.

The Manager does not intend to hedge any foreign currency exposure that the Product may have.

The Product's global exposure to financial derivative instruments will not exceed 200% of its Net Asset Value (i) at the time of daily rebalancing of the Product; and (ii) between each daily rebalancing, unless due to market movements. For the calculation of global exposure, the commitment approach will be used, whereby the derivative positions are converted into the equivalent positions in the underlying assets embedded in those derivatives, i.e. the constituents of the Index, taking into account the prevailing value of the underlying assets, the counterparty risk, future market movements and time available to liquidate the positions.

As at the date of this Prospectus, the Manager does not intend to invest this Product's assets in commodities and precious metals.

As at the date of this Prospectus, the Units of this Product are classified as Specified Investment Products and capital markets products other than Prescribed Capital Markets Products.

The Manager may engage in securities lending or repurchase transactions for this Product and any securities lending or repurchase transactions which the Manager may engage in will be in accordance with Appendix 1 of the Code. As of the date of this Prospectus, the Manager has not engaged in securities lending or repurchase transactions for this Product.

There will be no change to the investment objective and/or investment policy of the Product during the 3-year period commencing from 22 October 2021, unless any such change is approved by an extraordinary resolution of Holders in a general meeting or such prohibition on changes to the investment objective and/or investment policy of the Product is waived by the SGX-ST. Where there is any change to the investment strategy adopted for the Product, such changes will be announced by the Manager through SGXNET. A list of the holdings of the Product will be published in the monthly fund factsheet which is available on the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

### C. DAILY REBALANCING

The Product will rebalance its position on a day when the SGX-ST and the SGX-DT are open for trading (i.e. a Business Day). On such days, the Product will seek to rebalance its portfolio at or near the close of trading of the T session on the SGX-DT, by increasing exposure in response to the Index's daily gains or reducing exposure in response to the Index's daily losses, so that its daily leveraged exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as a leveraged product will rebalance its position by increasing or decreasing its futures exposure following the movement of the Index by the end of trading of the underlying futures market.

	Calculation	Day 0	Day 1
(a) Initial Product NAV		100	120
(b) Initial futures exposure	(b) = (a) × 2	200	240
(c) Daily Index change (%)		10%	-5%
(d) Profit / loss on futures	(d) = (b) × (c)	20	-12
(e) Closing Product NAV	(e) = (a) + (d)	120	108
(f) Futures exposure	(f) = (b) × (1+(c))	220	228
(g) Target futures exposure to maintain leverage ratio	(g) = (e) × 2	240	216
(h) Required rebalancing amounts	(h) = (g) - (f)	20	-12

Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have a futures exposure of 200 to meet the objective of the Product. If the Index increases by 10% during the day, the Net Asset Value of the Product would have increased to 120, making the futures exposure of the Product 220. As the Product needs a futures exposure of 240, which is 2x the Product's Net Asset Value at closing, the Product will need to rebalance its position by acquiring additional futures exposure of 20.

Day 1 illustrates the rebalancing requirements if the Index falls by 5% on the subsequent day. Since the Index decreases by 5% during the day, the Net Asset Value of the Product would have decreased to 108, making the futures exposure of the Product 228. As the Product needs a futures exposure of 216, which is 2x the Product's Net Asset Value at closing, the Product will need to rebalance its position by decreasing its futures exposure by 12.

*The above figures are calculated before fees and expenses.*

### D. FUTURES ROLL

As the Index is not a futures index, the Product does not follow any predetermined roll-over schedule. The Manager will use its discretion to carry out the roll-over of the SiMSCI Futures into next month SiMSCI Futures with the goal that, by one Business Day before the last trading day of the SiMSCI

Futures, all roll-over activities would have occurred.

## E. SIMSCI FUTURES

SiMSCI Futures are Futures Contracts on the MSCI Singapore Free Index traded on the SGX-DT. They are leveraged because they are traded on a margin basis. The margin to carry an open position is generally a small percentage of their value.

The key specifications of the SiMSCI Futures are as follows:

<b>Underlying index</b>	MSCI Singapore Free Index
<b>Exchange</b>	SGX-DT
<b>Trading hours (Singapore time)</b>	<p>T Session:</p> <p>Pre - Opening: 8:15 am - 8:28 am  Non - Cancel: 8:28 am - 8:30 am  Opening: 8:30 am - 5:20 pm  Pre - Closing: 5:20 pm - 5:24 pm  Non - Cancel: 5:24 pm - 5:25 pm</p> <p>T+1 Session:</p> <p>Pre - Opening: 5:40 pm - 5:48 pm  Non - Cancel: 5:48 pm - 5:50 pm  Opening: 5:50 pm - 5:15 am</p>
<b>Trading hours on last day</b>	<p>T Session:</p> <p>Pre - Opening: 8:15 am - 8:28 am  Non - Cancel: 8:28 am - 8:30 am  Opening: 8:30 am - 5:20 pm  Pre - Closing: 5:20 pm - 5:24 pm  Non - Cancel: 5:24 pm - 5:25 pm</p>
<b>Last Trading Day</b>	Second last business day of the contract month (A business day is defined as a day on which the Singapore stock market is open for trading).
<b>Contract months</b>	2 nearest serial months and 4 quarterly months on March, June, September and December cycle.
<b>Minimum Price Fluctuation</b>	0.05 index point (S\$5)
<b>Margin (as at 30 September 2023)</b>	<p>Initial margin: S\$1,430</p> <p>Maintenance margin: S\$1,300</p>
<b>Contract size</b>	S\$100 x SGX MSCI Singapore Index Futures price
<b>Settlement basis</b>	Cash settlement
<b>Final settlement price</b>	Official closing value of the MSCI Singapore Free Index for the Last Trading Day, rounded to 2 decimal places.
<b>Position Accountability / Position limit</b>	Position limit is not applicable to this contract. However, a person owning or controlling more than 5,000 contracts net long or net short in all contract months combined, or such position as the SGX-ST may prescribe from time to time with prior notification, shall provide, in a timely fashion, upon request by the SGX-ST, information regarding the

	nature of the position, trading strategy, and hedging information if applicable.
<b>Daily price limits</b>	<p>The daily price limits are the maximum price advance or decline permitted for the SiMSCI Futures in each trading session and are designed to temporarily restrict trading when the markets become volatile through the imposition of a cooling off period during which the SiMSCI Futures may be traded at or within its price limits.</p> <p>Whenever the price of the SiMSCI Futures moves by 10% in either direction, from the previous day's daily settlement price, trading at or within the price limit of +/- 10% is allowed for the next 5 minutes*.</p> <p>* <i>Assuming that the previous day's daily settlement price is S\$100. If the price increases or decreases by + / - 10% from the previous day's daily settlement price (to S\$110 or S\$90 respectively) at 11:00 am, the price of the SiMSCI Futures may only fluctuate between S\$90 and S\$110 for the first cooling-off period which ends at 11:05 am.</i></p> <p>Thereafter when the price moves by 15% in either direction from the previous day's daily settlement price, trading at or within the price limit of +/-15% is allowed for the next 5 minutes**. After this cooling-off period has elapsed, there will be no price limits for the remainder of the day.</p> <p>** <i>If the price increases or decreases by + / - 15% (to S\$115 or S\$85 respectively) within the same trading day after the end of the first cooling-off period at 3:00 pm, the price of the SiMSCI Futures may only fluctuate between S\$85 and S\$115 for the second cooling-off which ends at 3:05 pm.</i></p> <p>There will be no price limits on the Last Trading Day of the expiring contract month.</p>

Please refer to the SGX-ST website at [www.sgx.com](http://www.sgx.com) for more information on the SiMSCI Futures.

### **Futures liquidity**

The daily average volume of the SiMSCI Futures for the year of 2021 and 2022 are 51,452 contracts and 57,846 contracts respectively.

By way of illustration, in order for the Product to obtain a notional futures exposure of S\$20 million, the Product is likely to trade around 700 SiMSCI Futures at its inception and as part of the monthly roll-over of the SiMSCI Futures. The Product is expected to trade a smaller number of SiMSCI Futures on a daily basis as part of the daily rebalancing.

### **F. COMPARISON BETWEEN THE INDEX AND THE LEVERAGED PERFORMANCE OF THE INDEX FOR A PERIOD LONGER THAN ONE DAY**

The Product's objective is to provide returns which are twice (2x) the daily performance of the Index. As such, the Product's performance may not track twice the accumulative Index return over a period greater than 1 Business Day. It is also expected that the Product will underperform the return of 200% of the Index in a trendless or flat market. This is caused by the effect of "path dependency" (see explanation below) and compounding, which is the accumulative effect of previous earnings generating earnings or losses in addition to the principal amount, and will be amplified by the volatility of the market

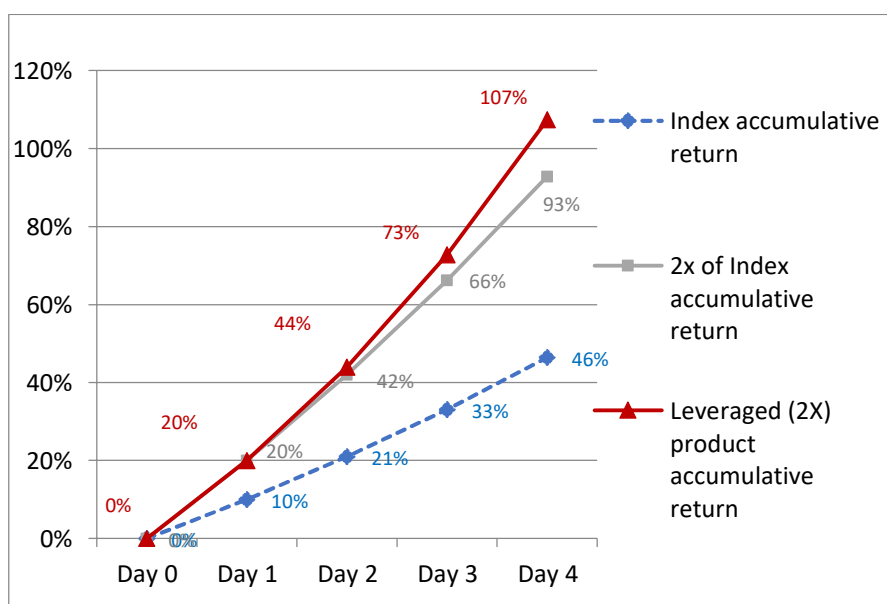
and the holding period of the Product. In addition, the effects of volatility are magnified in the Product due to leverage. The following scenarios illustrate how the Product's performance may deviate from that of the accumulative Index return (2x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical \$100 investment in the Product.

### Scenario 1: Upward trending market

In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated return will be greater than twice the accumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 107.36%, compared with a 93.82% gain which is twice the accumulative Index return (46.41% x 2).

	Index daily return	Index level	Leveraged (2x) Product NAV
Day 0		100.00	100.00
Day 1	10%	110.00	120.00 (+20%)
Day 2	10%	121.00	144.00 (+20%)
Day 3	10%	133.10	172.80 (+20%)
Day 4	10%	146.41	207.36 (+20%)
Accumulative change	-	46.41%	107.36%

The chart below illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous upward market trend over a period greater than 1 Business Day.



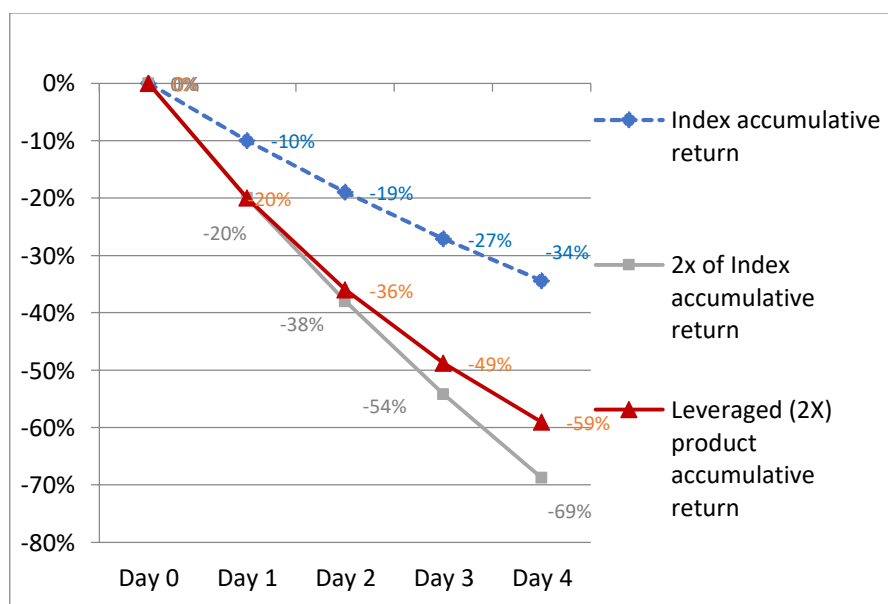
### Scenario 2: Downward trending market

In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated loss will be less than twice the accumulative Index loss. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 10% daily

for 4 Business Days, by day 4 the Product would have an accumulated loss of 59.04%, compared with a 68.78% loss which is twice the accumulative Index return (34.39% x 2).

	Index daily return	Index level	Leveraged (2x) Product NAV
Day 0		100.00	100.00
Day 1	-10%	90.00	80.00 (-20%)
Day 2	-10%	81.00	64.00 (-20%)
Day 3	-10%	72.90	51.20 (-20%)
Day 4	-10%	65.61	40.96 (-20%)
Accumulative change	-	-34.39%	-59.04%

The chart below illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous downward market trend over a period greater than 1 Business Day.

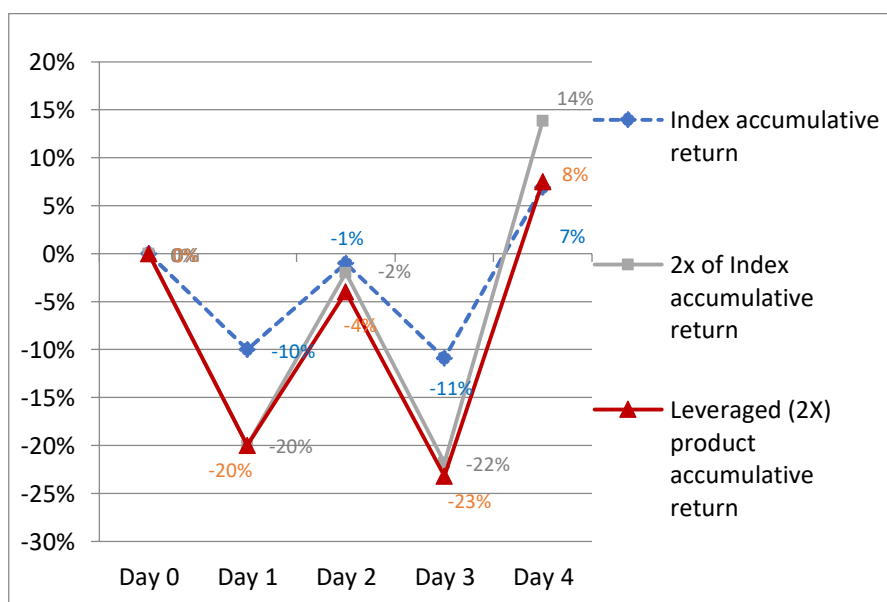


### Scenario 3: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index grows by 7.52% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 7.52%, compared with a 13.84% gain which is twice the accumulative Index return (6.92% x 2).

	Index daily return	Index level	Leveraged (2x) Product NAV
Day 0		100.00	100.00
Day 1	-10%	90.00	80.00 (-20%)
Day 2	10%	99.00	96.00 (+20%)
Day 3	-10%	89.10	76.80 (-20%)
Day 4	20%	106.92	107.52 (+40%)
Accumulative change	-	6.92%	7.52%

The chart below illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile upward market trend over a period greater than 1 Business Day.



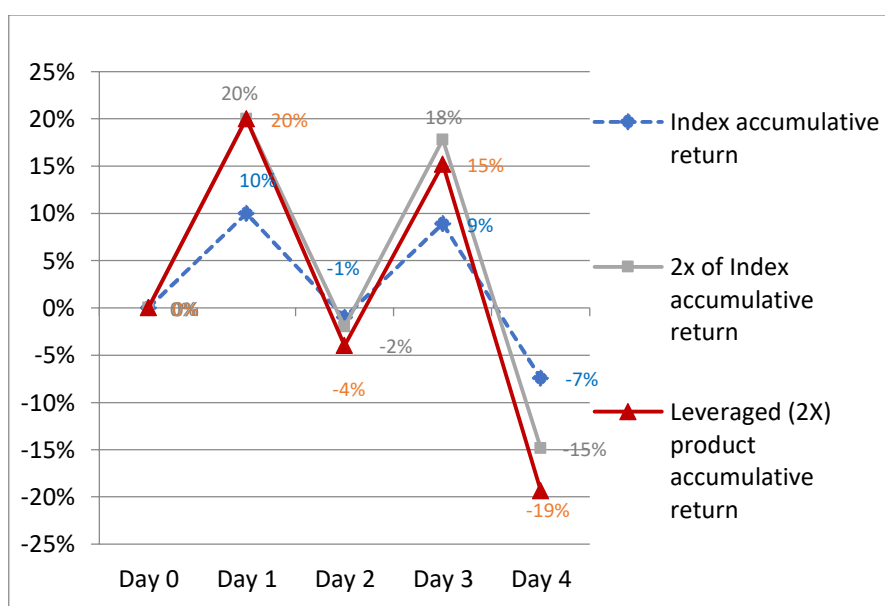
#### Scenario 4: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index falls by 7.43% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 19.36%, compared with a 14.86% loss which is twice the accumulative Index return (7.43% x 2).

	Index Daily return	Index level	Leveraged (2x) Product NAV
Day 0		100.00	100.00
Day 1	10%	110.00	120.00 (+20%)
Day 2	-10%	99.00	96.00 (-20%)

	Index Daily return	Index level	Leveraged (2x) Product NAV
Day 3	10%	108.90	115.20 (+20%)
Day 4	-15%	92.57	80.64 (-30%)
Accumulative change	-	-7.43%	-19.36

The chart below illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile downward market trend over a period greater than 1 Business Day.



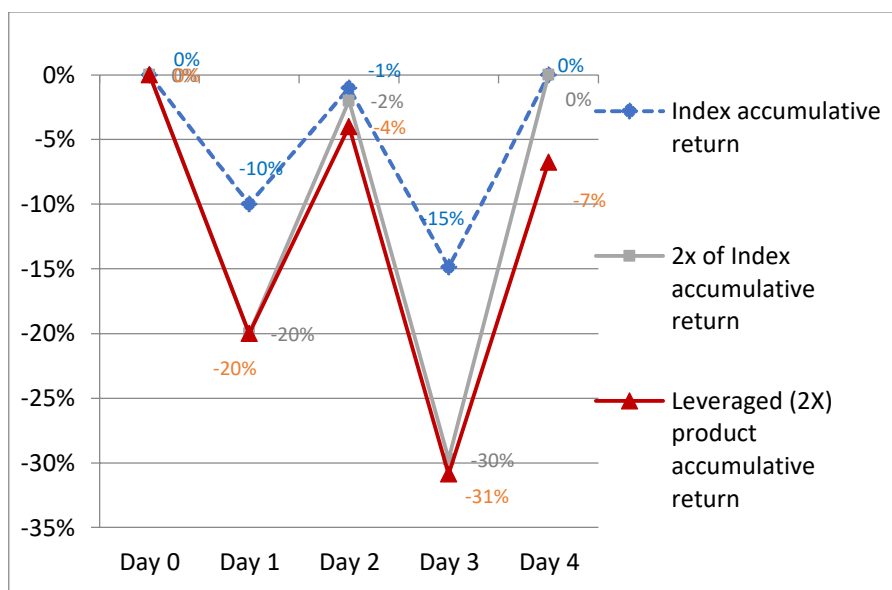
### Scenario 5: Volatile market with flat index performance

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has almost returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Leveraged (2x) Product NAV
Day 0		100.00	100.00
Day 1	-10%	90.00	80.00 (-20%)
Day 2	10%	99.00	96.00 (+20%)
Day 3	-14%	85.14	69.12 (-28%)
Day 4	17%	99.61	92.62 (+34%)
Accumulative change	-	-0.39	-7.38

The chart below illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile market with flat index performance over a period greater than 1 Business Day.





As illustrated in the graphs and the tables above, the accumulative performance of the Product is not equal to twice the accumulative performance of the Index over a period longer than 1 Business Day.

Investors should note that due to the effect of “path dependency” (as explained below) and compounding of the daily returns of the Index, the performance of the Index multiplied by two (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the accumulative return of the Product, may not be twice the return of the Index and may be completely uncorrelated to the extent of change of the Index over the same period.

### **Explanation on Path Dependency**

As explained above, the Product tracks the leveraged performance of the Index, if observed on a daily basis. However, due to path dependency of the Index and the daily leveraged performance of the Index, when comparing the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical leveraged performance of the Index will not be equal to the simple leveraged performance of the Index over the same period of time.

Below is an example which illustrates the “path dependency” of the Index and the leveraged performance of the Index. **Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved.**

	Index		Product (Index with a leverage factor of two)	
	Daily movement (in %)	Closing level	Daily movement (in %)	Closing NAV
Day 1		100.00		100.00
Day 2	+10.00%	110.00	+20.00%	120.00
Day 3	-9.09%	<u>100.00</u>	-18.18%	<u>98.18</u>

Assuming the Product tracks twice the performance of the Index perfectly on a daily basis, the absolute percentage change in the daily movement of the Product will be twice of the Index. That is, the Net

Asset Value of the Product will rise by 20.00% if the Index rises by 10.00%, and the Net Asset Value of the Product will fall by 18.18% if the Index falls by 9.09%. On the basis of such daily movements, the respective closing levels of the Index and closing Net Asset Value of the Product are as set out in the example above.

On day 3, the closing level of the Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Index and the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple performance of the Index multiplied by two.

## **G. WAIVERS FROM THE MAS IN RELATION TO THE CODE**

The MAS has granted waivers to the Product in respect of:

- (a) paragraph 3.1 of Appendix 1 to the Code - the global exposure of a scheme to financial derivatives or embedded financial derivatives shall not exceed 100% of the scheme's Net Asset Value at all times; and
- (b) paragraph 4.2(c) of Appendix 1 to the Code - the exposure of a scheme to the underlying assets of financial derivatives be sufficiently diversified on a portfolio basis.

Given these waivers, investors should note that this Product does not fulfil all of the Code's requirements in relation to this Product's investments. This should be considered by each investor before investing in this Product.

## **H. SPECIFIC RISK FACTORS**

In addition to the risk factors described under paragraphs 6 "Risk Factors" and 7 "Risk Factors Relating to the Indices" of this Prospectus, the risk factors set forth below are also specific risks which the Manager considers to be relevant and presently applicable to this Product.

### **1. Long Term Holding Risk**

The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Index over that same period (e.g. the loss may be more than twice the fall in the Index). The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. The deviation of the Product's performance from the leveraged performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will suffer a loss over time while the Index's performance increases or is flat.

### **2. Leverage Risk**

The Product will utilise leverage to achieve a daily return equivalent to twice (2x) the return of the Index. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Product in certain circumstances including a bear market will be substantially more than a fund that does not employ leverage.

### **3. Risk of Rebalancing Activities**

There is no assurance that the Product can rebalance their portfolio on a daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

### **4. Liquidity Risk**

The rebalancing activities of the Product typically take place near the end of trading of the underlying futures market to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

### **5. Volatility Risk**

Prices of the Product may be more volatile than conventional exchange traded funds because of the use of leverage and the daily rebalancing activities.

### **6. Intraday Investment Risk**

The Product is normally rebalanced at the end of trading of the underlying futures market on a Business Day. As such, the return for investors who invest for a period less than a full trading day will generally be greater than or less than two times (2x) leveraged investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

### **7. Portfolio Turnover Risk**

Daily rebalancing of the Product's holdings causes a higher level of portfolio transactions compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

### **8. Rolling of Futures Contracts Risk**

A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying asset but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

### **9. Contango Risk**

The process of rolling will subject the Product to contango risks. For example, a Futures Contract may specify a March expiration. As time passes, the Futures Contract expiring in March is replaced by a contract for expiry in April by selling the March contract and purchasing the April contract. Excluding other considerations, if the market for these Futures Contracts is in "contango", where the prices are higher in the distant expiry months than in the nearer expiry months, the sale of the March contract would take place at a price that is lower than the price of the April contract. Accordingly, the sale proceeds when rolling (selling and then buying the Futures Contracts) will not be sufficient to purchase the same number of Futures Contracts which have a higher price, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

## **10. Margin Risk**

Generally, most leveraged transactions, such as Futures Contracts, involve the posting of margin or collateral. Because of the low margin deposits or collateral normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a Futures Contract may result in a proportionally high impact and substantial losses to the Product having a material adverse effect on the Net Asset Value of the Product. Like other leveraged investments, a futures transaction by the Product may result in losses in excess of the amount invested by the Product. Additional funds may need to be posted as margin or collateral to meet such calls based upon daily marking to market of Futures Contracts. Increases in the amount of margin or collateral or similar payments may result in the need for the Product to liquidate its investments at unfavourable prices in order to meet margin or collateral calls. This may result in substantial losses to Holders.

## **11. Futures Contracts Market Risk**

Futures Contracts markets may be uncorrelated to traditional markets (such as equities markets) and are subject to greater risks than other markets. It is a feature of Futures Contracts generally that they are subject to rapid change and the risks involved may change relatively quickly. The price of Futures Contracts can be highly volatile. Such price movements are influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments.

## **12. Clearing House Failure Risk**

In the event of the bankruptcy of the exchange's clearing house, the Product could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Product would be afforded the protections granted to participants to transactions cleared through a clearing house, under applicable law and regulations. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt exchange's clearing house if the customer property held by the exchange's clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Product to recover all, or even any, of the amounts it has deposited as margin.

## **13. Trading Hours Difference Risk**

The SGX-ST and the SGX-DT have different trading hours. As the SGX-DT may be open when Units in the Product are not priced, the value of the SiMSCI Futures in the Product's portfolio may change on days when investors will not be able to purchase or sell the Product's Units. Difference in trading hours between the SGX-ST and the SGX-DT may increase the level of premium/discount of the Unit price to its Net Asset Value.

Trading of the Index constituents closes earlier than trading of the SiMSCI Futures so there may continue to be price movements for the SiMSCI Futures when Index constituents are not trading. There may be imperfect correlation between the value of the Index constituents and the SiMSCI Futures, which may prevent the Product from achieving its investment objective.

## **14. Leveraged Performance of Index**

Investors in the Product should note that the objective and the risks inherent in the Product are not

typically encountered in traditional exchange traded funds which track the “long” performance rather than leveraged performance of an index. Should the value of the Index decrease, the use of a leverage factor of 2 in the Product will trigger an accelerated decrease in the value of the Product’s Net Asset Value compared to the Index (which has a leverage factor of 1, i.e. no leverage). As such, Holders could, in certain circumstances including a bear market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with leverage and daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking daily leveraged results and the associated risks, and who constantly monitor the performance of their holding on a daily basis.

#### **15. Path Dependency**

The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the leveraged performance of the Index on a daily basis only. Therefore the Product should not be equated with seeking a leveraged position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical daily leveraged performance of the Index over a certain period may not be twice the point-to-point performance of the Index over the same period of time due to the effect of “path dependency” and compounding of the daily returns of the Index. Please refer to the section “Explanation on Path Dependency” above.

Investors should exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, may deviate from the leveraged performance of the Index.

#### **16. Concentration Risk**

To the extent that the Index constituents concentrate in listed securities of a particular sector or market, the investments of the Product may be similarly concentrated. The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Product may be more susceptible to adverse conditions in such particular market/sector.

#### **17. Suspension of Creation Risk**

There can be no assurance that there is sufficient liquidity in the SiMSCI Futures in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations of Units. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategies, due to illiquidity of the SiMSCI Futures, and delay or disruption in execution of trades or in settlement of trades.

#### **18. Future Contracts Price Limit Risk**

Although the Index is an equity index, the Product will also invest in SiMSCI Futures. If the price of the SiMSCI Futures included in the Product’s portfolio hits certain price limits, it may trigger a cooling off period whereby the SiMSCI Futures may only be traded at or within its price limits for the duration of the cooling off period. This may limit daily rebalancing if it takes place close to the end of trading on the

SGX-DT, and may potentially increase tracking error.

#### **19. Risk of Investing in Other Funds**

There can be no assurance that the investment strategies of the other funds that the Product will invest into will be successful or that the investment objectives of the other funds will be achieved. There can also be no assurance that the strategies to be used by the other funds will be successful under all or any market conditions.

#### **20. Distribution out of Capital Risk**

The Product may make distributions to Holders out of its income and/or (if income is insufficient) out of its capital. Any distributions made (whether out of income and/or capital) may cause the Net Asset Value of the Product to fall. Further, distributions out of the capital may amount to a partial return of a Holder's original investment and may result in reduced future returns.

#### **21. Dual Currency Trading Risk**

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

#### **22. Termination, replacement or unavailability of SiMSCI Futures**

In the event that the SiMSCI Futures are terminated, replaced or ceased to be available, the Manager will look for a comparable Futures Contract which references the Index so as to replace the SiMSCI Futures. There can be no assurance that a comparable Futures Contract will be identified by the Manager. To the extent that a comparable Futures Contract cannot be identified and which subsequently affects the Manager's ability to implement its investment strategy in respect of the Product, the Product may be terminated in accordance with the terms of the Trust Deed.

#### **23. Inclusion of foreign listings risk**

MSCI had announced in November 2020 that foreign listings will become eligible for the Index. For example, the Index constituents include Singapore-based Sea Ltd, which is listed on the New York Stock Exchange. Foreign listings will have different trading hours from that of the Index constituents which are listed on the SGX-ST and the Product. Such foreign listings will thus close at a different time as compared to the Index constituents which are listed on the SGX-ST and the Product which are both traded on the SGX-ST.

As Index constituents which are listed on foreign exchanges have different trading hours, this may lead to an increase in the tracking error and there may be imperfect correlation between the value of the Index and the Product's performance. This may prevent the Product from achieving its investment objective.

The Manager will be referencing the MSCI Singapore Free Index at the close of the Singapore market for the day (ie. right after the close of the market for the SGX-ST and the close of the T session for the SGX-DT, whichever is later), for the purpose of calculating the daily tracking error and tracking

difference. This would be the most appropriate option as the value of the Index as well as the SiMSCI Futures at this point would be based on the closing prices on the SGX-ST (on which most of the Index constituents are listed) and closest to the Valuation Point at which the Product's Net Asset Value will be determined by valuing its holdings (which includes the SiMSCI Futures and the Index constituents).

## I. DISTRIBUTION POLICY

Distributions to be made out of distributable income and/or the capital of the Product, if any, will be determined by the Manager. The Manager currently intends to declare annual distributions to Holders in September of each year or at such other times as the Manager may determine.

## J. PERFORMANCE AND BENCHMARK OF THIS PRODUCT

The performance of this Product and its benchmark as of 31 July 2023 is as follows:

	1 year (%)	Since Inception (average annual compounded return) (%)
Phillip MSCI Singapore Daily (2x) Leveraged Product  (Inception date: 1 December 2021)	3.82%	-17.06%
MSCI Singapore Index (benchmark)	9.00%	-2.73%

*Performance is calculated on a NAV-NAV basis, with all dividends and distributions reinvested (net of reinvestment charges).*

***Past performance of this Product is not indicative of its future performance.***

## K. EXPENSE RATIO

The annualised expense ratio<sup>15</sup> of the Product for the period from 22 October 2021 to 30 September 2022 is 2.62%.

<sup>15</sup> The expense ratio will be calculated in accordance with the requirements in the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios and based on figures in the latest audited accounts of the Product. The following expenses (where applicable) are excluded from the calculation of the expense ratio:

- (a) brokerage and other transaction costs associated with the purchase and sales of investments (such as registrar charges and remittance fees);
- (b) interest expenses;
- (c) foreign exchange gains and losses of the Product, whether realised or unrealised;
- (d) front-end loads, back-end loads and other costs arising on the purchase or sale of a foreign exchange unit trust or mutual fund;
- (e) tax deducted at source or arising from income received, including withholding tax; and
- (f) dividends and other distributions paid to Holders.

## L. TURNOVER RATIO

The Product's turnover ratio (based on the lesser of purchases or sales of underlying investments expressed as a percentage of daily average net asset value) for the financial year ended 30 September 2022 is 69.10%.

## M. INFORMATION ON THE INDEX

### 1. Description of the Index

The Index is designed to measure the performance of the large and mid cap segments of the Singapore market. With 22 constituents, the Index covers approximately 85% of the free float-adjusted market capitalisation of the Singapore equity universe.

MSCI Inc. is independent of the Manager.

### 2. Index methodology

The Index is based on the MSCI Global Investable Market Indexes (GIMI) Methodology—a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalization size, sector and style segments and combinations. This methodology aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on index liquidity, investability and replicability.

The Index is reviewed quarterly—in February, May, August and November—with the objective of reflecting the evolution of the underlying equity markets and segments on a timely basis, while seeking to achieve index continuity, continuous investability of constituents and replicability of the indexes, and index stability and lower index turnover.

For further information on the Index methodology, please refer to <https://www.msci.com/index-methodology/>.

### 3. Constituents of the Index

As at 29 September 2023, the 10 largest constituents in the Index are as follows:

<b>No.</b>	<b>Stock Name</b>	<b>Sector</b>	<b>Weighting (%)</b>
1.	DBS Group Holdings Limited	Financials	20.67
2.	Oversea-Chinese Banking Corporation Limited	Financials	14.71
3.	United Overseas Bank Limited	Financials	12.22
4.	Sea Limited ADR	Communication Services	7.42
5.	Singapore Telecommunications Limited	Communication Services	6.78
6.	CapitaLand Ascendas Real Estate Investment Trust	Real Estate	3.48



<b>No.</b>	<b>Stock Name</b>	<b>Sector</b>	<b>Weighting (%)</b>
7.	Keppel Corporation Limited	Industrials	3.36
8.	CapitaLand Integrated Commercial Trust	Real Estate	3.34
9.	Singapore Airlines Limited	Industrials	3.26
10.	Grab Holdings Limited ADR	Industrials	3.07

Source: MSCI Inc.

#### **4. Index publication**

The Index values will be available via major data vendors including Bloomberg and Thomson Reuters. In addition, the values and factsheet of the Index can be retrieved from the Index provider's website: <https://www.msci.com/>.

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## **O. SUBSCRIPTION AND REDEMPTION**

### **1. Minimum Subscription Amount**

The minimum subscription amount for this Product is 50,000 Units (or such higher number of Units in multiples of 1,000 Units) or such other subscription amount as may be determined by the Manager.

Investors who wish to acquire less than 50,000 Units may do so through the Participating Dealers. Please check with the Participating Dealers for the applicable minimum subscription amount.

Investors who wish to acquire less than 50,000 Units may acquire such number of Units on the SGX-ST.

### **2. Minimum Holding Amount**

There is no minimum holding amount for this Product.

### **3. Minimum Redemption Amount**

The minimum redemption amount for this Product is 50,000 Units (or such higher number of Units in multiples of 1,000 Units) or such other redemption amount as may be determined by the Manager.

Investors who wish to redeem less than 50,000 Units may do so through the Participating Dealers. Please check with the Participating Dealers for the applicable minimum redemption amount.

Investors who wish to redeem less than 50,000 Units may redeem such number of Units through trading on the SGX-ST.

## **APPENDIX II – PHILLIP MSCI SINGAPORE DAILY (-1X) INVERSE PRODUCT**

- An inverse product tracks the performance of a short position of an index **on a daily basis** and is only suitable for sophisticated trading-oriented investors who constantly monitor the performance of their holding on a daily basis and are in a financial position to assume the risks in futures investments. An inverse product is a high risk product designed to be used as a short term trading tool for market timing or hedging purposes and is not appropriate for long term (longer than one day) investment. An inverse product may not be suitable for all investors. It is possible that the entire value of your investment could be lost.
- The risks inherent in an inverse product are very different from the risks of most traditional ETFs which track an index. If you invest in an inverse product, in circumstances such as a bull market, you may suffer a complete loss on your investments.
- Due to path dependency of the index, the effect of daily reset and the daily inverse performance of the index, when comparing the index and the inverse performance of the index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical inverse performance of the index will not be equal to the simple inverse performance of the index over the same period of time. As a result, the value of an inverse product may be highly volatile, as further explained in Section F of this Appendix.
- If you invest in an inverse product, you may suffer substantial losses during periods of high volatility. If the relevant index fluctuates and has volatile directional swings from day to day, you may still suffer a loss on your investment even if the value of the relevant index decreases or is flat.

### **A. KEY INFORMATION**

The following table is a summary of key information in respect of the Phillip MSCI Singapore Daily (-1x) Inverse Product and should be read in conjunction with the full text of this Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the daily performance of the MSCI Singapore Index
Investment Strategy	Futures-based synthetic replication strategy
Index	MSCI Singapore Index
Index Provider	MSCI Inc.
Listing Date	1 December 2021
Exchange Listing	SGX-ST – Main Board
SGX Counter Name / Code	Primary Currency: PHIL Short SiMSCI-1X S\$ / SSS Secondary Currency: PHIL Short SiMSCI-1X US\$ / SSU
Trading Board Lot Size	1 Unit
Currency of Account (Base Currency)	Singapore dollars (S\$)

Trading Currencies	Primary Currency: Singapore dollars (S\$) Secondary Currency: US dollars (US\$)
Distribution Policy	No distributions
Creation / Redemption (only applicable to Participating Dealers): fully in cash (cash creation/redemption only)	Application Unit size of 50,000 Units (or such higher number of Units in multiples of 1,000 Units)
Dealing Deadline for subscription or redemption of Units	12:00 p.m. (Singapore time) (or such other time as the Manager may determine with prior notification to Participating Dealers)
Management Fee	0.90% per annum of the Net Asset Value Maximum of 1.20% per annum of the Net Asset Value
Trustee's Fee	Up to 0.04% per annum of the Net Asset Value, subject to a minimum of S\$10,000 per annum for Year 1 & Year 2, and S\$15,000 per annum for Year 3 onwards Maximum of 0.05% per annum of the Net Asset Value
Investor Profile	This Product is <u>only</u> suitable for investors who: <ul style="list-style-type: none"> <li>• are sophisticated trading-oriented investors;</li> <li>• are able to constantly monitor the performance of their holding on a daily basis, and are in a financial position to assume the risks in futures investments;</li> <li>• wish to gain inverse exposure to the Index; and</li> <li>• are prepared to lose the entire value of their investments.</li> </ul> <p>This Product is designed to be used as a short term trading tool for market timing or hedging purposes and are not appropriate for long term (longer than one day) investment.</p>

## B. INVESTMENT OBJECTIVE, APPROACH AND STRATEGY

### 1. Investment Objective

The investment objective of this Product is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the daily performance of the MSCI Singapore Index.

### 2. Investment Strategy

To achieve the investment objective of the Product, the Manager will adopt a futures-based synthetic replication strategy through investing directly in the SGX MSCI Singapore Free Index Futures (“**SiMSCI Futures**”) (ie. taking short futures positions by selling the SiMSCI Futures in order to track the performance of a short position of the Index) subject to the rolling strategy discussed below, to obtain the required exposure to the Index. To the extent that certain SiMSCI Futures are held to expiration, they will be cash settled and there will be no physical delivery.

In entering into the SiMSCI Futures, the Manager anticipates that no more than 20% of the Net Asset Value of the Product from time to time will be placed in the futures margin account balance to support

the Product's positions in the SiMSCI Futures. This is more than the margin requirement necessary (approximately 18.20% of the positions in the SiMSCI Futures (as of 29 September 2023) or such other percentage as may be imposed from time to time) to support the Product's exposure to the SiMSCI Futures and is meant to provide sufficient buffer to mitigate against unfavourable market movements. Under exceptional circumstances of market turbulence and volatility, the futures margin account balance may be increased by the Manager beyond 20% of the Net Asset Value of the Product in order to pre-empt any increased margin requirement by the clearing house.

Subject to the provisions of the Code, the Manager may also invest into unlisted securities (such as fixed income/money market funds) and fixed income/money market ETFs. Such unlisted securities and/or ETFs may include those managed by the Manager. This is in view of the need to optimise returns from significant cash holdings that will be held by the Product, as there will be cash holdings in excess of required margin cash needed to maintain the Product's holding of the SiMSCI Futures.

The Manager may invest 30% or more of the Net Asset Value of this Product in the Phillip Money Market Fund and/or Phillip SGD Money Market ETF. The investment approach of the Manager in the Phillip Money Market Fund is to invest primarily in short term, high quality money market instruments and debt securities. Such investments may include bonds, commercial bills and deposits with financial institutions. The Phillip Money Market Fund's approach to enhancing returns is to diversify across deposits of varying tenure. The Manager believes that the use of other short term, high quality money market instruments and debt securities, which are normally available to large investors will also help to enhance returns.

The investment approach of the Manager in the Phillip SGD Money Market ETF is to invest all or substantially all of its assets in high quality debt and money market instruments, and deposits with eligible financial institutions. The Phillip SGD Money Market ETF's investments may include government and corporate bonds, commercial bills and deposits with financial institutions. The Phillip SGD Money Market ETF's approach to enhancing returns is to diversify across deposits of varying tenure. The Manager believes that the use of other high quality debt and money market instruments, which are normally available to large investors will also help to enhance returns for the investor. Appendix 2 of the Code will apply to this Sub-Fund.

The Manager does not intend to invest the Phillip SGD Money Market ETF's assets in options, warrants, commodities and precious metals. The Manager may invest the Phillip SGD Money Market ETF's assets in futures contracts and unlisted securities in accordance with its investment objective, investment approach and investment strategy, and in compliance with the Code.

Please see paragraph 27 "Conflicts of Interest" for information on how the Manager intends to mitigate any potential conflicts of interest.

The Manager reserves the right not to rebate the management fees charged by such fixed income/money market funds (including ETFs) back to the Product but may charge a lower fee rate at the discretion of the Manager.

Other than the SiMSCI Futures which are employed for the purpose of optimising returns and efficient portfolio management, the Manager has no intention to invest the Product in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes.

The Manager does not intend to hedge any foreign currency exposure that the Product may have.

The Product's global exposure to financial derivative instruments will not exceed 100% of its Net Asset Value (i) at the time of daily rebalancing of the Product; and (ii) between each daily rebalancing, unless due to market movements. For the calculation of global exposure, the commitment approach will be used, whereby the derivative positions are converted into the equivalent positions in the underlying assets embedded in those derivatives, i.e. the constituents of the Index, taking into account the prevailing value of the underlying assets, the counterparty risk, future market movements and time available to liquidate the positions.

As at the date of this Prospectus, the Manager does not intend to invest this Product's assets in commodities and precious metals.

As at the date of this Prospectus, the Units of this Product are classified as Specified Investment Products and capital markets products other than Prescribed Capital Markets Products.

The Manager may engage in securities lending or repurchase transactions for this Product and any securities lending or repurchase transactions which the Manager may engage in will be in accordance with Appendix 1 of the Code. As of the date of this Prospectus, the Manager has not engaged in securities lending or repurchase transactions for this Product.

There will be no change to the investment objective and/or investment policy of the Product during the 3-year period commencing from 22 October 2021, unless any such change is approved by an extraordinary resolution of Holders in a general meeting or such prohibition on changes to the investment objective and/or investment policy of the Product is waived by the SGX-ST. Where there is any change to the investment strategy adopted for the Product, such changes will be announced by the Manager through SGXNET. A list of the holdings of the Product will be published in the monthly fund factsheet which is available on the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

### C. DAILY REBALANCING

The Product will rebalance its position on a day when the SGX-ST and the SGX-DT are open for trading (i.e. a Business Day). On such days, the Product will seek to rebalance its portfolio at or near the close of trading of the T session on the SGX-DT, by increasing exposure in response to the Index's daily gains or reducing exposure in response to the Index's daily losses, so that its daily inverse exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as an inverse product will rebalance its position by increasing or decreasing its futures exposure following the movement of the Index by the end of trading of the underlying futures market.

	Calculation	Day 0	Day 1
(a) Initial Product NAV		100	110
(b) Initial futures exposure	(b) = (a) × (-1)	-100	-110
(c) Daily Index change (%)		-10%	5%
(d) Profit / loss on futures	(d) = (b) × (c)	10	-5.5
(e) Closing Product NAV	(e) = (a) + (d)	110	104.5
(f) Futures exposure	(f) = (b) × (1+(c))	-90	-115.5
(g) Target futures exposure to maintain inverse ratio	(g) = (e) × (-1)	-110	-104.5
<b>(h) Required rebalancing amounts</b>	<b>(h) = (g) - (f)</b>	<b>-20</b>	<b>11</b>

Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have

a futures exposure of -100 to meet the objective of the Product. If the Index decreases by 10% during the day, the Net Asset Value of the Product would have increased to 110, making the futures exposure of the Product -90. As the Product needs a futures exposure of -110, which is (-1x) the Product's Net Asset Value at closing, the Product will need to rebalance its position by adding to its short futures exposure by 20.

Day 1 illustrates the rebalancing requirements if the Index increases by 5% on the subsequent day. Since the Index increases by 5% during the day, the Net Asset Value of the Product would have decreased to 104.5, making the futures exposure of the Product -115.5. As the Product needs a futures exposure of -104.5, which is (-1x) the Product's Net Asset Value at closing, the Product will need to rebalance its position by trimming its short futures exposure by 11.

*The above figures are calculated before fees and expenses.*

#### **D. FUTURES ROLL**

As the Index is not a futures index, the Product does not follow any predetermined roll-over schedule. The Manager will use its discretion to carry out the roll-over of the SiMSCI Futures into next month SiMSCI Futures with the goal that, by one Business Day before the last trading day of the SiMSCI Futures, all roll-over activities would have occurred.

#### **E. SIMSCI FUTURES**

SiMSCI Futures are Futures Contracts on the MSCI Singapore Free Index traded on the SGX-DT. They are leveraged because they are traded on a margin basis. The margin to carry an open position is generally a small percentage of their value.

The key specifications of the SiMSCI Futures are as follows:

<b>Underlying index</b>	MSCI Singapore Free Index
<b>Exchange</b>	SGX-DT
<b>Trading hours (Singapore time)</b>	<p>T Session:</p> <p>Pre - Opening: 8:15 am - 8:28 am  Non - Cancel: 8:28 am - 8:30 am  Opening: 8:30 am - 5:20 pm  Pre - Closing: 5:20 pm - 5:24 pm  Non - Cancel: 5:24 pm - 5:25 pm</p> <p>T+1 Session:</p> <p>Pre - Opening: 5:40 pm - 5:48 pm  Non - Cancel: 5:48 pm - 5:50 pm  Opening: 5:50 pm - 5:15 am</p>
<b>Trading hours on last day</b>	<p>T Session:</p> <p>Pre - Opening: 8:15 am - 8:28 am  Non - Cancel: 8:28 am - 8:30 am  Opening: 8:30 am - 5:20 pm  Pre - Closing: 5:20 pm - 5:24 pm  Non - Cancel: 5:24 pm - 5:25 pm</p>
<b>Last Trading Day</b>	Second last business day of the contract month (A business day is defined as a day on which the Singapore stock market is open for

	trading).
<b>Contract months</b>	2 nearest serial months and 4 quarterly months on March, June, September and December cycle.
<b>Minimum Price Fluctuation</b>	0.05 index point (S\$5)
<b>Margin (as at 30 September 2023)</b>	Initial margin: S\$1,430 Maintenance margin: S\$1,300
<b>Contract size</b>	S\$100 x SGX MSCI Singapore Index Futures price
<b>Settlement basis</b>	Cash settlement
<b>Final settlement price</b>	Official closing value of the MSCI Singapore Free Index for the Last Trading Day, rounded to 2 decimal places.
<b>Position Accountability / Position limit</b>	Position limit is not applicable to this contract. However, a person owning or controlling more than 5,000 contracts net long or net short in all contract months combined, or such position as the SGX-ST may prescribe from time to time with prior notification, shall provide, in a timely fashion, upon request by the SGX-ST, information regarding the nature of the position, trading strategy, and hedging information if applicable.
<b>Daily price limits</b>	<p>The daily price limits are the maximum price advance or decline permitted for the SiMSCI Futures in each trading session and are designed to temporarily restrict trading when the markets become volatile through the imposition of a cooling off period during which the SiMSCI Futures may be traded at or within its price limits.</p> <p>Whenever the price of the SiMSCI Futures moves by 10% in either direction, from the previous day's daily settlement price, trading at or within the price limit of +/- 10% is allowed for the next 5 minutes*.</p> <p>* <i>Assuming that the previous day's daily settlement price is S\$100. If the price increases or decreases by + / - 10% from the previous day's daily settlement price (to S\$110 or S\$90 respectively) at 11:00 am, the price of the SiMSCI Futures may only fluctuate between S\$90 and S\$110 for the first cooling-off period which ends at 11:05 am.</i></p> <p>Thereafter when the price moves by 15% in either direction from the previous day's daily settlement price, trading at or within the price limit of +/-15% is allowed for the next 5 minutes**. After this cooling-off period has elapsed, there will be no price limits for the remainder of the day.</p> <p>** <i>If the price increases or decreases by + / - 15% (to S\$115 or S\$85 respectively) within the same trading day after the end of the first cooling-off period at 3:00 pm, the price of the SiMSCI Futures may only fluctuate between S\$85 and S\$115 for the second cooling-off which ends at 3:05 pm.</i></p> <p>There will be no price limits on the Last Trading Day of the expiring contract month.</p>

Please refer to the SGX-ST website at [www.sgx.com](http://www.sgx.com) for more information on the SiMSCI Futures.



## Futures liquidity

The daily average volume of the SiMSCI Futures for the year of 2021 and 2022 are 51,452 contracts and 57,846 contracts respectively.

By way of illustration, in order for the Product to obtain a notional futures exposure of S\$20 million, the Product is likely to trade less than 700 SiMSCI Futures at its inception and as part of the monthly roll-over of the SiMSCI Futures. The Product is expected to trade a smaller number of SiMSCI Futures on a daily basis as part of the daily rebalancing.

### F. COMPARISON BETWEEN THE INDEX AND THE INVERSE PERFORMANCE OF THE INDEX FOR A PERIOD LONGER THAN ONE DAY

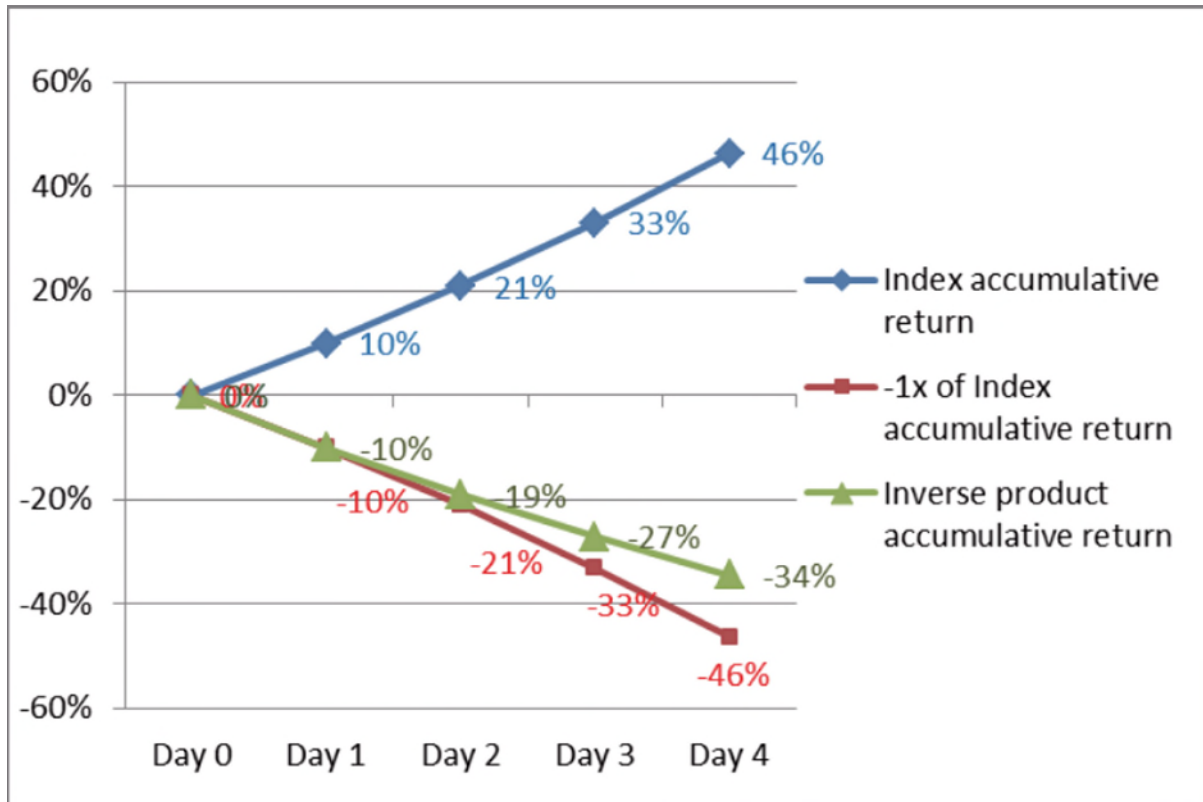
The Product's objective is to provide returns which is inverse (-1x) the daily performance of the Index. As such, the Product's performance may not track the inverse of the accumulative Index return over a period greater than 1 Business Day. It is also expected that the Product will underperform the return of -100% of the Index in a trendless or flat market. This is caused by the effect of "path dependency" (see explanation below) and compounding, which is the accumulative effect of previous earnings generating earnings or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. The following scenarios illustrate how the Product's performance may deviate from that of the accumulative Index return (-1x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical \$100 investment in the Product.

#### Scenario 1: Upward trending market

In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated loss will be lesser than -1x the accumulative Index return. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 34.39%, compared with a 46.41% loss which is -1x the accumulative Index return.

	Index Daily return	Index level	Inverse (-1x) Product NAV
Day 0		100.00	100.00
Day 1	10%	110.00	90 (-10%)
Day 2	10%	121.00	81 (-10%)
Day 3	10%	133.10	72.90 (-10%)
Day 4	10%	146.41	65.61 (-10%)
Accumulative change	-	46.41	-34.39

The chart below illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a continuous upward market trend over a period greater than 1 Business Day.

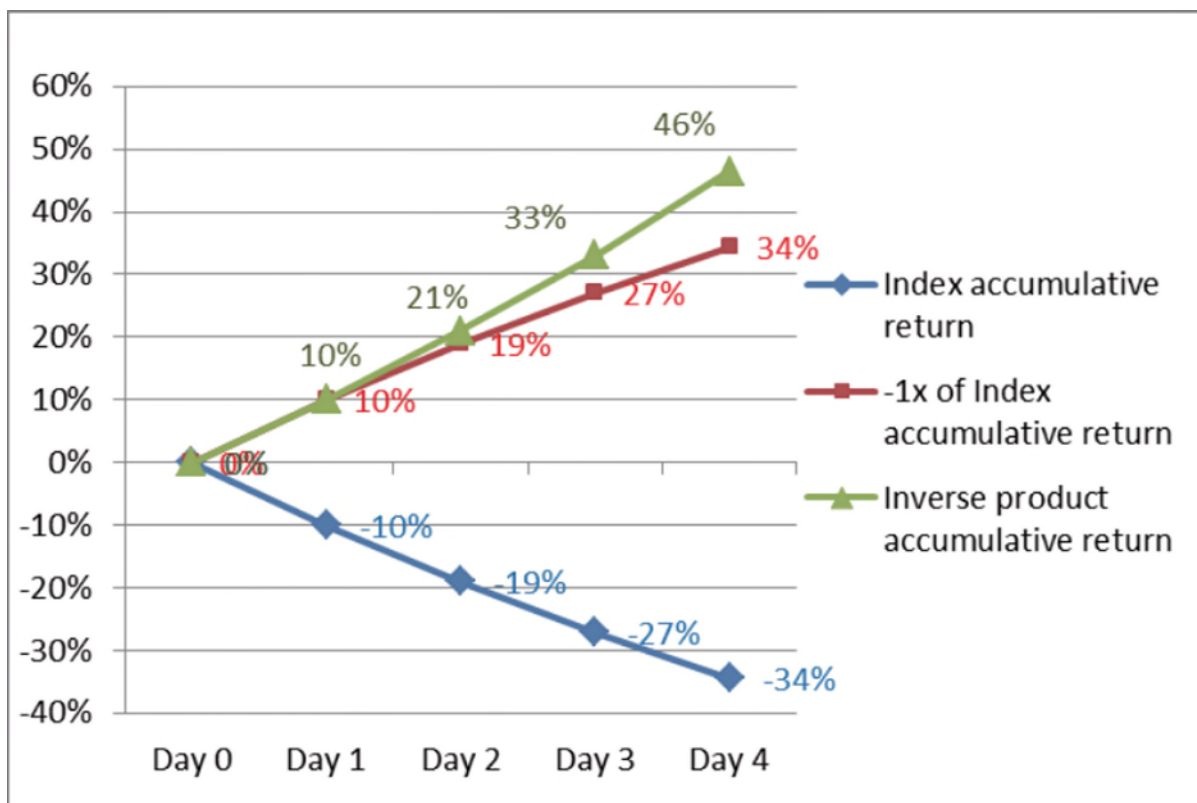


### Scenario 2: Downward trending market

In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated gain will be greater than -1x the accumulative Index loss. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 46.41%, compared with a 34.39% gain which is -1x the accumulative Index return.

	Index Daily return	Index level	Inverse (-1x) Product NAV
Day 0		100.00	100.00
Day 1	-10%	90.00	110 (+10%)
Day 2	-10%	81.00	121 (+10%)
Day 3	-10%	72.90	133.10 (+10%)
Day 4	-10%	65.61	146.41 (+10%)
Accumulative change	-	-34.39	46.41

The chart below illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a continuous downward market trend over a period greater than 1 Business Day.

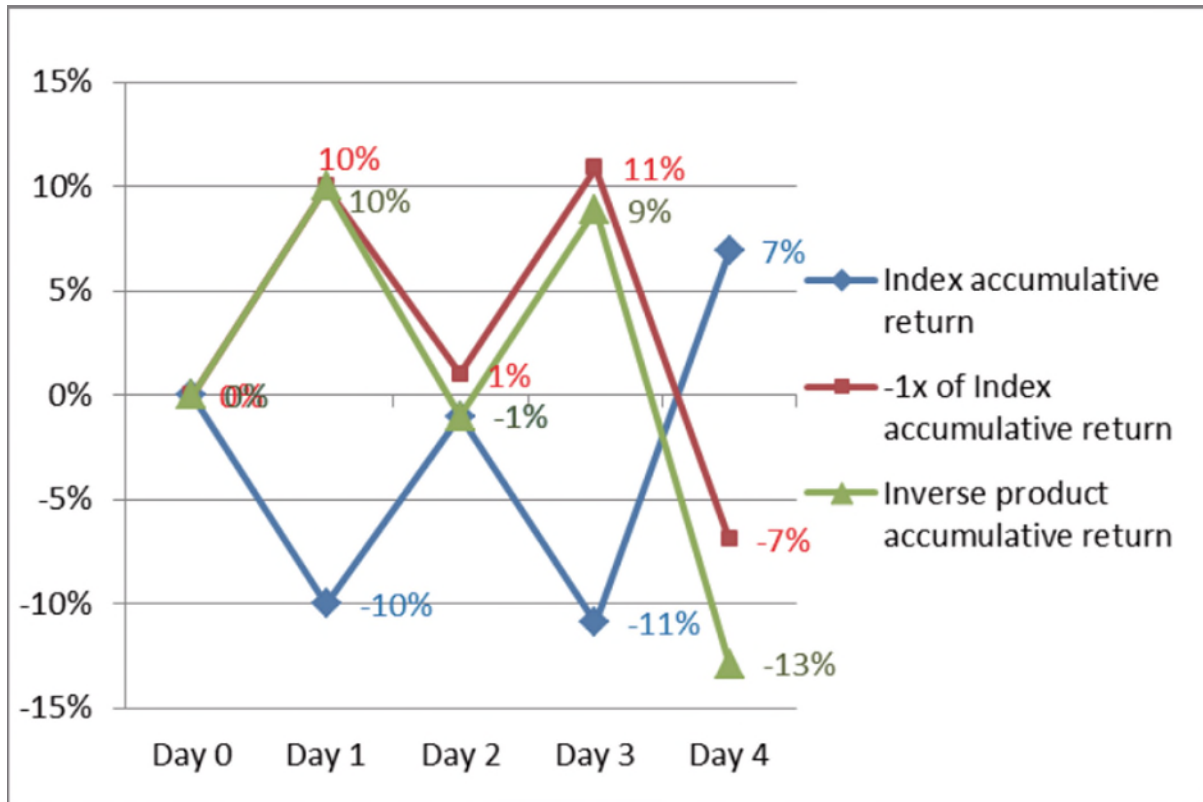


### Scenario 3: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the accumulative Index return. As illustrated in the scenario below, where the Index grows by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 12.88%, compared with a 6.92% loss which is -1x the accumulative Index return.

	Index Daily return	Index level	Inverse (-1x) Product NAV
Day 0		100.00	100.00
Day 1	-10%	90.00	110.00 (+10%)
Day 2	10%	99.00	99.00 (-10%)
Day 3	-10%	89.10	108.90 (+10%)
Day 4	20%	106.92	87.12 (-20%)
Accumulative change	-	6.92	-12.88

The chart below illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a volatile upward market trend over a period greater than 1 Business Day.

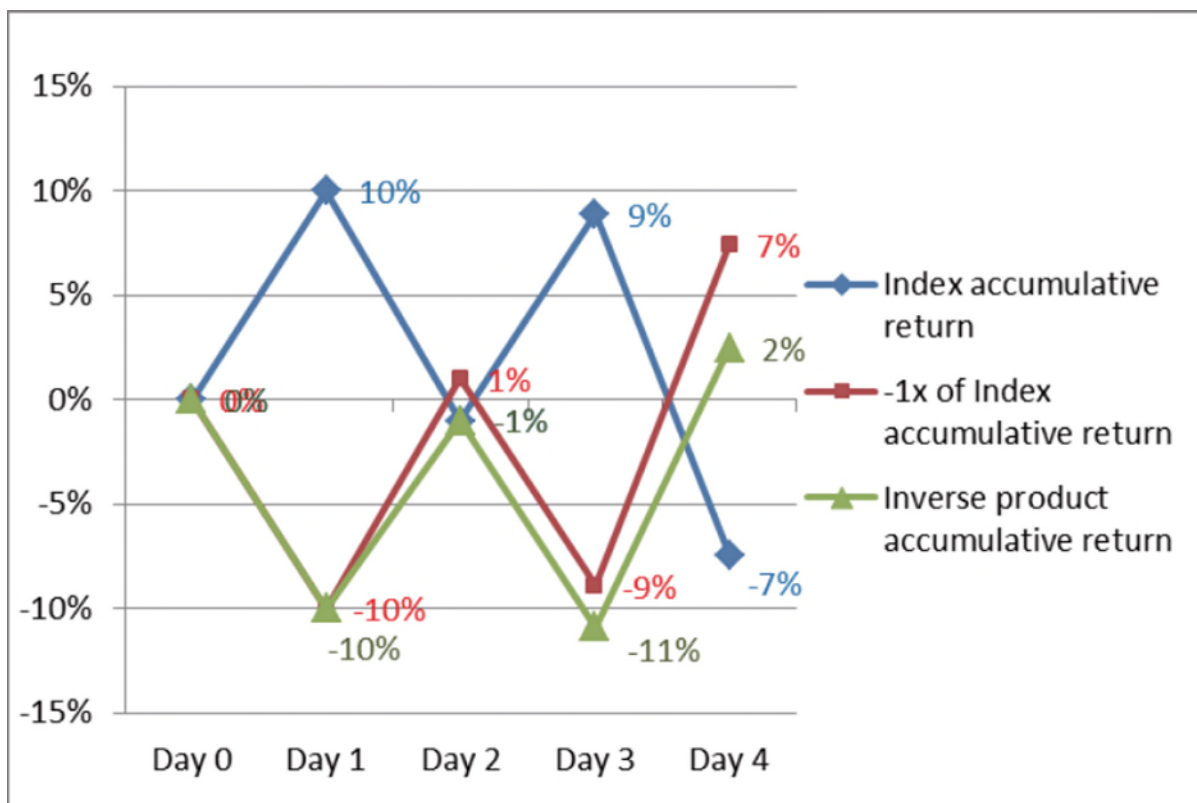


#### Scenario 4: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the accumulative Index return. As illustrated in the scenario below, where the Index falls by 7.43% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 2.47%, compared with a 7.43% gain which is -1x the accumulative Index return.

	Index Daily return	Index level	Inverse (-1x) Product NAV
Day 0		100.00	100.00
Day 1	10%	110.00	90.00 (-10%)
Day 2	-10%	99.00	99.00 (+10%)
Day 3	10%	108.90	89.10 (-10%)
Day 4	-15%	92.57	102.47 (+15%)
Accumulative change	-	-7.43	2.47

The chart below illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a volatile downward market trend over a period greater than 1 Business Day.

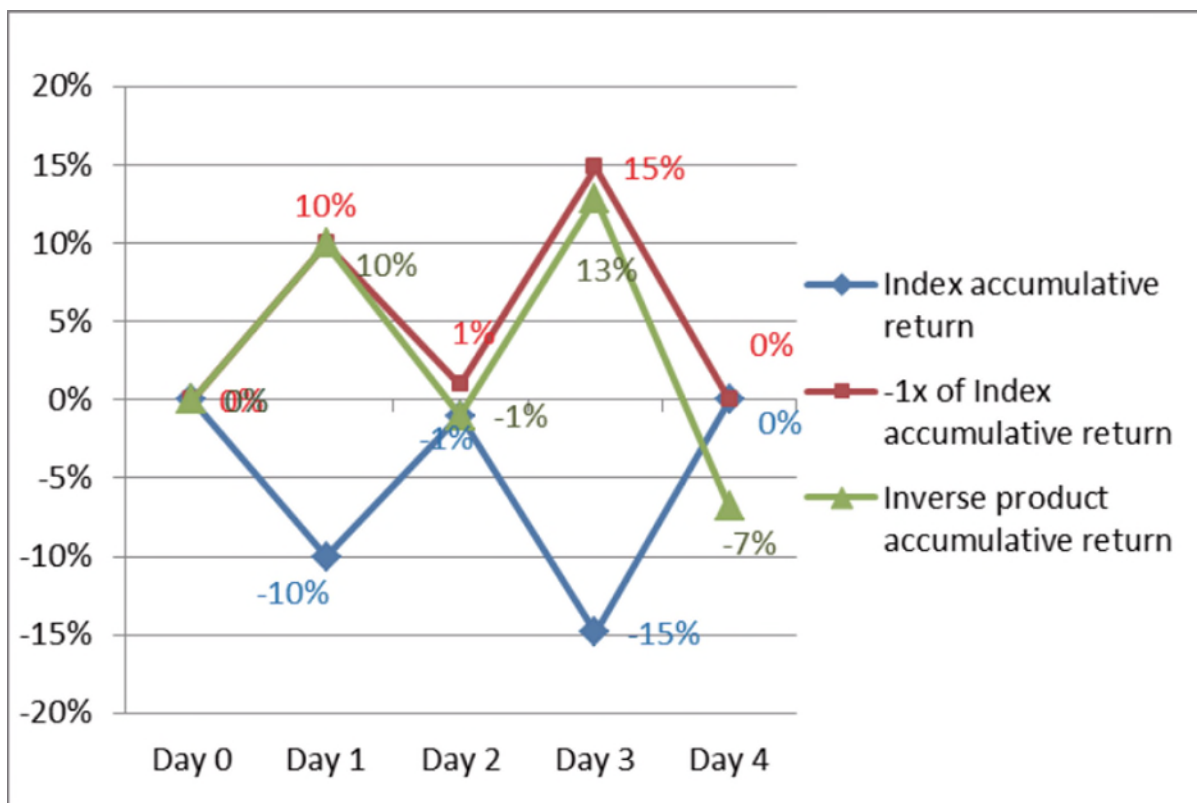


**Scenario 5: Volatile market with flat index performance**

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has almost returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Inverse (-1x) Product NAV
Day 0		100.00	100.00
Day 1	-10%	90.00	110.00 (+10%)
Day 2	10%	99.00	99.00 (-10%)
Day 3	-14%	85.14	112.86 (+14%)
Day 4	17%	99.61	93.67 (-17%)
Accumulative change	-	-0.39	-6.33

The chart below illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a volatile market with flat index performance over a period greater than 1 Business Day.



As illustrated in the graphs and the tables above, the accumulative performance of the Product is not “symmetrical” to the accumulative performance of the Index over a period longer than 1 Business Day.

Investors should note that due to the effect of “path dependency” (as explained below) and compounding of the daily returns of the Index, the inverse performance of the Index (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the accumulative return of the Product, may be completely uncorrelated to the extent of change of the Index over the same period.

#### ***Explanation on Path Dependency***

As explained above, the Product tracks the inverse performance of the Index, if observed on a daily basis. However, due to path dependency of the Index and the daily inverse performance of the Index, when comparing the Index and the inverse performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical inverse performance of the Index will not be equal to the simple inverse performance of the Index over the same period of time.

Below is an example which illustrates the “path dependency” of the Index and the inverse performance of the Index. ***Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved.***

	Index		Product (Inverse of the Index)	
	Daily movement (in %)	Closing level	Daily movement (in %)	Closing NAV
Day 1		100.00		100.00
Day 2	+10.00%	110.00	-10.00%	90.00
Day 3	-9.09%	<u>100.00</u>	+9.09%	<u>98.18</u>

Assuming the Product tracks the inverse performance of the Index perfectly on a daily basis, the absolute percentage change in the daily movement of both the Index and the Product will be the same. That is, the Net Asset Value of the Product will fall by 10.00% if the Index rises by 10.00%, and the Net Asset Value of the Product will rise by 9.09% if the Index falls by 9.09%. On the basis of such daily movements, the respective closing levels of the Index and closing Net Asset Value of the Product are as set out in the example above.

On day 3, the closing level of the Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Index and the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple inverse performance of the Index.

## G. SPECIFIC RISK FACTORS

In addition to the risk factors described under paragraphs 6 “Risk Factors” and 7 “Risk Factors Relating to the Indices” of this Prospectus, the risk factors set forth below are also specific risks which the Manager considers to be relevant and presently applicable to this Product.

### 1. Long Term Holding Risk

The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the inverse performance of the Index over that same period (e.g. the loss may be more than (-1x) the gain in the Index). The effect of compounding becomes more pronounced on the Product’s performance as the Index experiences volatility. The deviation of the Product’s performance from the inverse performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of daily rebalancing, the Index’s volatility and the effects of compounding of each day’s return over time, it is even possible that the Product will suffer a loss over time while the Index’s performance decreases or is flat.

### 2. Inverse Product vs. Short Selling Risk

Investing in the Product is different from taking a short position. Because of rebalancing, the return profile of the Product is not the same as that of a short position. In a volatile market with frequent directional swings, the performance of the Product may deviate from a short position.

### 3. Unconventional Return Pattern Risk

Risk investment outcome of the Product is the opposite of conventional investment funds. If the value of the Index increases for extended periods, the Product will likely lose most or all of its value.

#### **4. Risk of Rebalancing Activities**

There is no assurance that the Product can rebalance their portfolio on a daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

#### **5. Liquidity Risk**

The rebalancing activities of the Product typically take place near the end of trading of the underlying futures market to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

#### **6. Intraday Investment Risk**

The Product is normally rebalanced at the end of trading of the underlying futures market on a Business Day. As such, the return for investors who invest for a period less than a full trading day will generally be greater than or less than the inverse (-1x) investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

#### **7. Portfolio Turnover Risk**

Daily rebalancing of the Product's holdings causes a higher level of portfolio transactions compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

#### **8. Rolling of Futures Contracts Risk**

A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying asset but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

#### **9. Backwardation Risk**

The process of rolling will subject the Product to backwardation risks. For example, a Futures Contract may specify a March expiration. As time passes, the Futures Contract expiring in March is replaced by a contract for expiry in April by buying the March contract and entering into a short position of the April contract. Excluding other considerations, if the market for these Futures Contracts is in "backwardation", where the prices are lower in the distant expiry months than in the nearer expiry months, the closing of the March short position would take place at a price that is higher than the price of the April contract. Accordingly, the closing out of the March short position when rolling (buying and then selling the Futures Contracts) would take place at a price that is higher than the price of the April contract, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

#### **10. Margin Risk**

Generally, investments in Futures Contracts involve the posting of margin or collateral. Because of the low margin deposits or collateral normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a



Futures Contract may result in a proportionally high impact and substantial losses to the Product having a material adverse effect on the Net Asset Value of the Product. Like other leveraged investments, a futures transaction by the Product may result in losses in excess of the amount invested by the Product. Additional funds may need to be posted as margin or collateral to meet such calls based upon daily marking to market of Futures Contracts. Increases in the amount of margin or collateral or similar payments may result in the need for the Product to liquidate its investments at unfavourable prices in order to meet margin or collateral calls. This may result in substantial losses to Holders.

#### **11. Futures Contracts Market Risk**

Futures Contracts markets may be uncorrelated to traditional markets (such as equities markets) and are subject to greater risks than other markets. It is a feature of Futures Contracts generally that they are subject to rapid change and the risks involved may change relatively quickly. The price of Futures Contracts can be highly volatile. Such price movements are influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments.

#### **12. Clearing House Failure Risk**

In the event of the bankruptcy of the exchange's clearing house, the Product could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Product would be afforded the protections granted to participants to transactions cleared through a clearing house, under applicable law and regulations. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt exchange's clearing house if the customer property held by the exchange's clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Product to recover all, or even any, of the amounts it has deposited as margin.

#### **13. Trading Hours Difference Risk**

The SGX-ST and the SGX-DT have different trading hours. As the SGX-DT may be open when Units in the Product are not priced, the value of the SiMSCI Futures in the Product's portfolio may change on days when investors will not be able to purchase or sell the Product's Units. Difference in trading hours between the SGX-ST and the SGX-DT may increase the level of premium/discount of the Unit price to its Net Asset Value.

Trading of the Index constituents closes earlier than trading of the SiMSCI Futures so there may continue to be price movements for the SiMSCI Futures when Index constituents are not trading. There may be imperfect correlation between the value of the Index constituents and the SiMSCI Futures, which may prevent the Product from achieving its investment objective.

#### **14. Inverse Performance of Index**

Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than inverse performance of an index. Should the value of the Index increase, it could have a negative effect on the performance of the Product. As such, Holders could, in certain circumstances including a bear market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking daily inverse results and the associated risks constantly monitor the performance of their holding on a daily basis.

#### **15. Path Dependency**

The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse performance of the Index on a daily basis only. Therefore the Product should not be equated with seeking an inverse position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical daily inverse performance of the Index over a certain period may not be “symmetrical” to the point-to-point performance of the Index over the same period of time due to the effect of “path dependency” and compounding of the daily returns of the Index. As such, the performance of the Product is not inversely correlated to the performance of the Index over a certain period of time. Please refer to the section “Explanation on Path Dependency” above.

Investors should exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, may deviate from the inverse performance of the Index.

#### **16. Concentration Risk**

To the extent that the Index constituents concentrates in listed securities of a particular sector or market, the investments of the Product may be similarly concentrated. The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Product may be more susceptible to adverse conditions in such particular market/sector.

#### **17. Suspension of Creation Risk**

There can be no assurance that there is sufficient liquidity in the SiMSCI Futures in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations of Units. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategies, due to illiquidity of the SiMSCI Futures, and delay or disruption in execution of trades or in settlement of trades.

#### **18. Future Contracts Price Limit Risk**

Although the Index is an equity index, the Product will also invest in SiMSCI Futures. If the price of the SiMSCI Futures included in the Product's portfolio hits certain price limits, it may trigger a cooling off period whereby the SiMSCI Futures may only be traded at or within its price limits for the duration of the cooling off period. This may limit daily rebalancing if it takes place close to the end of trading on the SGX-DT, and may potentially increase tracking error.

#### **19. Risk of Investing in Other Funds**

There can be no assurance that the investment strategies of the other funds that the Trust will invest into will be successful or that the investment objectives of the other funds will be achieved. There can

also be no assurance that the strategies to be used by the other funds will be successful under all or any market conditions.

## **20. Dual Currency Trading Risk**

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

## **21. Termination, replacement or unavailability of SiMSCI Futures**

In the event that the SiMSCI Futures are terminated, replaced or ceased to be available, the Manager will look for a comparable Futures Contract which references the Index so as to replace the SiMSCI Futures. There can be no assurance that a comparable Futures Contract will be identified by the Manager. To the extent that a comparable Futures Contract cannot be identified and which subsequently affects the Manager's ability to implement its investment strategy in respect of the Product, the Product may be terminated in accordance with the terms of the Trust Deed.

## **22. Inclusion of foreign listings risk**

MSCI had announced in November 2020 that foreign listings will become eligible for the Index. For example, the Index constituents include Singapore-based Sea Ltd, which is listed on the New York Stock Exchange. Foreign listings will have different trading hours from that of the Index constituents which are listed on the SGX-ST and the Product. Such foreign listings will thus close at a different time as compared to the Index constituents which are listed on the SGX-ST and the Product which are both traded on the SGX-ST.

As Index constituents which are listed on foreign exchanges have different trading hours, this may lead to an increase in the tracking error and there may be imperfect correlation between the value of the Index and the Product's performance. This may prevent the Product from achieving its investment objective.

The Manager will be referencing the MSCI Singapore Free Index at the close of the Singapore market for the day (ie. right after the close of the market for the SGX-ST and the close of the T session for the SGX-DT, whichever is later), for the purpose of calculating the daily tracking error and tracking difference. This would be the most appropriate option as the value of the Index as well as the SiMSCI Futures at this point would be based on the closing prices on the SGX-ST (on which most of the Index constituents are listed) and closest to the Valuation Point at which the Product's Net Asset Value will be determined by valuing its holdings (which includes the SiMSCI Futures, fixed income/money market funds and fixed income/money market ETFs).

## **23. Risks associated with investing in the Phillip Money Market Fund**

- (i) *Economic, Political and Interest Rates Risks:* The value of the Phillip Money Market Fund's investments may go up or come down in response to changes in economic conditions, political conditions, interest rates and the market's perception of securities which in turn may cause the net asset value of the Phillip Money Market Fund to rise or fall.

- (ii) *Default Risks:* The Phillip Money Market Fund may invest in debt obligations of governments and companies. It will seek to limit such risks by investing in short-term, high quality securities but there can be no assurance that it may not invest in securities with respect to which the governments or companies subsequently default. Adverse changes in the country or company may cause the Phillip Money Market Fund to suffer a loss of interest or principal on any of its holdings of such debt. The government entity or company that controls the servicing of debt obligations may be unwilling or unable to repay the obligations in accordance with their terms.
- (iii) *Currency/Foreign Exchange Risks:* Investments by the Phillip Money Market Fund may be made in a variety of currencies, whereas its net asset value will be computed in the currency of units invested into. Accordingly, the net asset value of the Phillip Money Market Fund may be affected favourably or unfavourably by movements in currency exchange rates, although the Manager may seek to minimise exposure to currency fluctuation to the extent practicable. The Manager may from time to time employ currency hedging techniques to manage the impact of the exchange rate fluctuations on the Phillip Money Market Fund and/or for the purpose of efficient portfolio management. The Manager reserve the discretion to determine if currency exposure should be hedged actively, passively or not at all, in the best interest of the Phillip Money Market Fund.

#### **24. Risks associated with investing in the Phillip SGD Money Market ETF**

- (i) *Short-term debt instruments risk:* As the Phillip SGD Money Market ETF invests in short-term debt instruments with short maturities, the turnover rates of the Phillip SGD Money Market ETF's investments may be relatively high, and this may result in increased transaction costs from the purchase or sale of short-term debt instruments. This may have a negative impact on the net asset value of the Phillip SGD Money Market ETF.
- (ii) *Credit/Counterparty risk:* The Phillip SGD Money Market ETF is exposed to the credit/default risk of issuers of the debt securities that it may invest in.
- (iii) *Interest rate risk:* Investments in the Phillip SGD Money Market ETF are subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- (iv) *Sovereign debt risk:* The Phillip SGD Money Market ETF's investment in debt instruments issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Phillip SGD Money Market ETF to participate in restructuring such debts. The Phillip SGD Money Market ETF may suffer significant losses when there is a default of sovereign debt issuers.
- (v) *Credit rating risk and downgrading risk:* Credit ratings assigned by rating agencies are subject to limitations and cannot guarantee the creditworthiness of the security and/or issuer at all times. The credit rating of a debt instrument or its issuer may subsequently be downgraded by the rating agency. In the event of such downgrading, the value of the Phillip SGD Money Market ETF may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.

- (vi) *Valuation risk:* Valuation of the Phillip SGD Money Market ETF's investments may involve uncertainties. If such valuations turn out to be incorrect, this may affect the net asset value calculation of the Phillip SGD Money Market ETF.
- (vii) *Risks relating to repurchase agreements:* In the event of the failure of the counterparty with which collateral has been placed, the Phillip SGD Money Market ETF may suffer losses due to delays in recovering collateral placed out or because the cash originally received is less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

## H. DISTRIBUTION POLICY

The Manager will not be declaring any distributions to Holders in respect of this Product.

## I. PERFORMANCE AND BENCHMARK

The performance of this Product and its benchmark as of 31 July 2023 is as follows:

	1 year (%)	Since Inception (average annual compounded return) (%)
Phillip MSCI Singapore Daily (-1x) Inverse Product  (Inception date: 1 December 2021)	-8.30%	0.94%
MSCI Singapore Index (benchmark)	9.00%	-2.73%

*Performance is calculated on a NAV-NAV basis, with all dividends and distributions reinvested (net of reinvestment charges).*

***Past performance of this Product is not indicative of its future performance.***

## J. EXPENSE RATIO

The annualised expense ratio<sup>16</sup> of the Product for the period from 22 October 2021 to 30 September 2022 is 1.88%.

<sup>16</sup> The expense ratio will be calculated in accordance with the requirements in the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios and based on figures in the latest audited accounts of the Product. The following expenses (where applicable) are excluded from the calculation of the expense ratio:

- (a) brokerage and other transaction costs associated with the purchase and sales of investments (such as registrar charges and remittance fees);
- (b) interest expenses;
- (c) foreign exchange gains and losses of the Product, whether realised or unrealised;
- (d) front-end loads, back-end loads and other costs arising on the purchase or sale of a foreign exchange unit trust or mutual fund;
- (e) tax deducted at source or arising from income received, including withholding tax; and
- (f) dividends and other distributions paid to Holders.

## **K. TURNOVER RATIO**

The Product's turnover ratio (based on the lesser of purchases or sales of underlying investments expressed as a percentage of daily average net asset value) for the financial year ended 30 September 2022 is 67.12%.

As the Manager may invest 30% or more of the Net Asset Value of this Product in the Phillip Money Market Fund and/or the Phillip SGD Money Market ETF, the turnover ratios<sup>17</sup> for the Phillip Money Market Fund and the Phillip SGD Money Market ETF are required to be disclosed pursuant to the SF(OOI)(CIS)R.

The turnover ratio for the Phillip Money Market Fund for the year ended 31 December 2022 is 1.08%.

The turnover ratio for the Phillip SGD Money Market ETF for the year ended 31 December 2022 is 1.79%.

## **L. INFORMATION ON THE INDEX**

### **1. Description of the Index**

The Index is designed to measure the performance of the large and mid cap segments of the Singapore market. With 22 constituents, the Index covers approximately 85% of the free float-adjusted market capitalisation of the Singapore equity universe.

MSCI Inc. is independent of the Manager.

### **2. Index methodology**

The Index is based on the MSCI Global Investable Market Indexes (GIMI) Methodology—a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalization size, sector and style segments and combinations. This methodology aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on index liquidity, investability and replicability.

The Index is reviewed quarterly—in February, May, August and November—with the objective of reflecting the evolution of the underlying equity markets and segments on a timely basis, while seeking to achieve index continuity, continuous investability of constituents and replicability of the indexes, and index stability and lower index turnover.

For further information on the Index methodology, please refer to <https://www.msci.com/index-methodology>.

### **3. Constituents of the Index**

As at 29 September 2023, the 10 largest constituents in the Index are as follows:

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<sup>17</sup> The turnover ratio is calculated in accordance with the guidelines set out in the Code. The calculation of the turnover ratio is based on the lesser of purchases or sales of the underlying investments expressed as a percentage of daily average net asset value.

<b>No.</b>	<b>Stock Name</b>	<b>Sector</b>	<b>Weighting (%)</b>
1.	DBS Group Holdings Limited	Financials	20.67
2.	Oversea-Chinese Banking Corporation Limited	Financials	14.71
3.	United Overseas Bank Limited	Financials	12.22
4.	Sea Limited ADR	Communication Services	7.42
5.	Singapore Telecommunications Limited	Communication Services	6.78
6.	CapitaLand Ascendas Real Estate Investment Trust	Real Estate	3.48
7.	Keppel Corporation Limited	Industrials	3.36
8.	CapitaLand Integrated Commercial Trust	Real Estate	3.34
9.	Singapore Airlines Limited	Industrials	3.26
10.	Grab Holdings Limited ADR	Industrials	3.07

Source: MSCI Inc.

#### **4. Index publication**

The Index values will be available via major data vendors including Bloomberg and Thomson Reuters. In addition, the values and factsheet of the Index can be retrieved from the Index provider's website: <https://www.msci.com/>.

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## **N. SUBSCRIPTION AND REDEMPTION**

### **1. Minimum Subscription Amount**

The minimum subscription amount for this Product is 50,000 Units (or such higher number of Units in multiples of 1,000 Units) or such other subscription amount as may be determined by the Manager.

Investors who wish to acquire less than 50,000 Units may do so through the Participating Dealers. Please check with the Participating Dealers for the applicable minimum subscription amount.

Investors who wish to acquire less than 50,000 Units may acquire such number of Units on the SGX-ST.

### **2. Minimum Holding Amount**

There is no minimum holding amount for this Product.



### **3. Minimum Redemption Amount**

The minimum redemption amount for this Product is 50,000 Units (or such higher number of Units in multiples of 1,000 Units) or such other redemption amount as may be determined by the Manager.

Investors who wish to redeem less than 50,000 Units may do so through the Participating Dealers. Please check with the Participating Dealers for the applicable minimum redemption amount.

Investors who wish to redeem less than 50,000 Units may redeem such number of Units through trading on the SGX-ST.

**APPENDIX III – LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS  
OVER THE LAST 5 YEARS**

<b>Current Directorships</b>	<b>Past Directorships of last 5 Years</b>
<b>Lim Hua Min</b>	
Phillip Securities Nominees Pte Ltd	Phillip Ventures Enterprise Fund Limited
Phillip Securities Pte Ltd	KREDIT Microfinance Institution Plc
Phillip Strategy Pte Ltd	Walker Crips Investment Management Limited
Phillip Nova Pte Ltd	PhillipCapital Japan Residential Fund Ltd
Phillip Credit Pte Ltd	
Camion Company Limited	
Phillip Financial Pte Ltd	
Walker Crips Group Plc	
Phillip Capital Pte Ltd	
Phillip Investment Corporation Pte Ltd	
Phillip Securities (Thailand) Public Co Ltd	
Phillip Brokerage Pte Ltd	
Phillip Capital Management (S) Ltd	
King & Shaxson Capital Limited	
Phillip Assets Pte Ltd	
IFS Capital Limited	
Phillip Private Equity Pte Ltd	
ECICS Limited	
Phillip Ventures Enterprise Fund 2 Ltd	
Phillip Ventures Enterprise Fund 3 Ltd	
Phillip Life Pte Ltd	
Phillip Enterprise Fund Limited	
Phillip Life Assurance Public Company Limited	
Phillip Bank Plc	
Phillip Ventures Enterprise Fund 5 Ltd	
Phillip UK Holdings Limited	
Phillip Ventures Enterprise Fund 6 Ltd	
Phillip Ventures Enterprise Fund 6B Ltd	
Phillip RMO Holdings Pte Ltd	
Phillip Fintech Holdings Pte Ltd	
<b>Jeffrey Lee Chay Khiong</b>	
Phillip Capital Management (S) Ltd	
Phillip Tokai Tokyo Investment Management Pte. Ltd.	
Phillip Asset Management Company Limited (as alternate director)	

<b>Current Directorships</b>	<b>Past Directorships of last 5 Years</b>
Phillip Mutual Berhad (as alternate director)	
<b>Linus Lim Wen Sheong</b>	
Phillip Fintech Holdings Pte. Ltd.	
Phillip RMO Holdings Pte Ltd	
Phillip (Mauritius) Private Limited	
Indobizinfo Pte Ltd	
Wine Administrator Pte. Ltd.	
Phillip Wines Pte. Ltd.	
Agility Asset Management (Singapore) Pte Ltd	
Agility Partners Pte. Ltd.	
Phillipcapital Menkul Değerler A.Ş	
Phillip Properties Pte Ltd	
Phillip Brokerage Pte Ltd	
Phillip Life Pte Ltd	
Phillip Assets Pte Ltd	
Phillip Capital Pte Ltd	
Phillip Strategy Pte Ltd	
Phillip Investment Corporation Pte Ltd	
Vanda Pte. Ltd.	
Phillip UK Holdings Limited	
Phillip Capital Management (HK) Limited	
Phillip Tokai Tokyo Investment Management Pte. Ltd	
Phillip Asset Management Company Limited	
Phillip Mutual Berhad	
Phillip MFIs Pte. Ltd.	
Phillip Capital (USA) Pte Ltd	
Camion Company Limited	
Phillip Thematic Fund Pte. Ltd.	
Phillip Private Equity Pte. Ltd.	
Phillip Capital Management (S) Ltd	
Cyberquote Pte Ltd	
Poems Pte Ltd	
Phillip Capital UK Limited	
King & Shaxson Custody Ltd	
<b>Lim Wah Sai</b>	
Symphony Digital Assets Pte. Ltd.	
Phillip Life Assurance (Cambodia) PLC	
PCMA Holdings Pte Ltd	
Phillip MFIs Pte. Ltd.	

<b>Current Directorships</b>	<b>Past Directorships of last 5 Years</b>
T.W.I.N. Agri Tech Co. Ltd	
Agility Property Services Hong Kong Limited	
Agility Holdings Inc.	
Vanda Property Holding Limited	
Phillip Capital Management (S) Ltd	
Phillip Insurance Investments Pte. Ltd	
Phillip Bullion Limited	
Phillip Capital (HK) Limited	
The Institute of Securities Dealers Limited	
The Hong Kong Association of Online Brokers Limited	
Phillip Financial Advisors (HK) Limited	
Cyberquote (HK) Limited	
Phillip Finance (HK) Limited	
Hui Li (HK) Nominees Limited	
Swiftson Limited	
Phillip Capital Management (HK) Limited	
Phillip Securities (Hong Kong) Limited	
Phillip Commodities (HK) Limited	
<b>Louis Wong Wai Kit</b>	
Phillip ETF Series OFC	
Phillip Capital Management (S) Ltd	
Phillip Capital (HK) Limited	
Phillip Institute of Financial Learning Co Ltd	
Phillip Finance (HK) Limited	
Cyberquote (HK) Limited	
Phillip Securities (Hong Kong) Limited	
Phillip Capital Management (HK) Limited	

**PHILLIP STRATEGY FUNDS  
PROSPECTUS**

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

Signed:



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Lim Hua Min  
Director  
(signed by Jeffrey Lee Chay Khiong  
for and on behalf of Lim Hua Min)

Signed:



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Jeffrey Lee Chay Khiong  
Director

Signed:



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Linus Lim Wen Sheong  
Director

Signed:



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Lim Wah Sai  
Director  
(signed by Jeffrey Lee Chay Khiong  
for and on behalf of Lim Wah Sai)

Signed:



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Louis Wong Wai Kit  
Director  
(signed by Jeffrey Lee Chay Khiong  
for and on behalf of Louis Wong Wai Kit)