UOB Asset Management

UOB Asset Management (Malaysia) Berhad
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Co Reg. No. 199101009166 (219478-X)

Ref. No.: UOBAM(M)/2023/PDMC/176

Date: 18 August 2023

Dear Unit Holders,

RE: United Income Fund MY ("Fund")
- ***Formerly known as United Simple Income Select***
Issuance of First Replacement Prospectus In Respect of The Fund ("Replacement Prospectus")

Thank you for investing in the Fund.

Please be informed that we will be amending the following sections pertaining to the Fund to reflect the change of the category of the Fund from a fund-of-funds to a feeder fund by issuing the Replacement Prospectus which has been registered with the Securities Commission Malaysia.

The following changes shall apply on the date of issuance of the Replacement Prospectus: -

Section	Current Prospectus	Change in Replacement Prospectus
Warning Statement on Cover Page	-	**INVESTORS SHOULD NOTE THAT THE CAPITAL OF THE FUND WILL BE ERODED AS THE FUND MAY DECLARE DISTRIBUTION OUT OF CAPITAL WHERE THE DISTRIBUTION IS ACHIEVED BY FORGOING THE POTENTIAL FOR FUTURE CAPITAL GROWTH AND THIS CYCLE MAY CONTINUE UNTIL ALL CAPITAL IS DEPLETED.**
Definition	-	Authority - Monetary Authority of Singapore. Code - The Code on Collective Investment Schemes issued by Monetary Authority of Singapore, as amended from time to time. Deposits - Moneys placed in financial institutions in fixed deposits or current account. Deposited Property - All the assets for the time being held or deemed to be held upon the trusts of the Target Fund's deed (or if the context so requires, the part thereof attributable to the Target Fund or any class of the Target Fund) excluding any amount for the time being standing to the credit of the relevant distribution account referred to in the Target Fund's deed.

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		FATCA - The U.S. Foreign Account Tax Compliance Act, as amended from time to time. Management Company - UOB Asset Management Ltd. Target Fund - United Income Fund Underlying Entity - An investment company or sub-fund of an investment company or unit trust scheme or exchange traded fund or mutual fund or other collective investment scheme from time to time determined by the Management Company to be invested into by the Target Fund.
	CIS - Collective investment scheme(s).	-
	Investment Advisor - UOB Asset Management Ltd, Singapore.	-
	Business Day - A day on which Bursa Malaysia Securities Berhad is open for trading. We may declare certain Business Days to be a non-Business Day if the markets of the underlying funds amounting to at least 50% of the Fund's NAV are closed for business. This is to ensure investors are given a fair valuation of the Fund when making subscription or redemption.	Business Day - A day on which Bursa Malaysia Securities Berhad is open for trading. We may declare certain Business Days to be a non-Business Day if the Target Fund is closed for business. This is to ensure investors are given a fair valuation of the Fund when making subscription or redemption.
	Deed - The deed entered into between the Manager and the Trustee dated 30 September 2021 and the first supplemental deed dated 21 December 2022, including any supplementary deed(s) in relation to the Fund and registered with the SC.	Deed - The deed entered into between the Manager and the Trustee dated 30 September 2021, the first supplemental deed dated 21 December 2022 and the second supplemental deed dated 6 April 2023, including any supplementary deed(s) in relation to the Fund and registered with the SC.
	Fund - United Simple Income Select.	Fund - United Income Fund MY (formerly known as United Simple Income Select).
	IUTA - A corporation registered with FIMM and authorised to market and distribute unit trust schemes of another party.	IUTA - An institutional unit trust adviser registered with the FIMM.
	Prospectus - This prospectus, which is the first prospectus for the Fund.	Prospectus - This prospectus including any supplementary prospectus thereof or replacement prospectus, as the case may be.

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1.1 Name of the Fund	United Simple Income Select	United Income Fund MY (formerly known as United Simple Income Select)
1.2 Fund Category	Fund-of-funds	Mixed Asset (Feeder Fund) *Note: The Fund was initially launched as a fund-of funds. We, the Manager then convened a unit holders' meeting to seek the Unit Holders' approval to change the investment objective of the Fund and the category of the Fund from a fund-of-funds to a feeder fund pursuant to a change to the investment policy and strategy as well as the asset allocation of the Fund.*
1.9 Investment Objective (Current) 1.6 Investment Objective (Revised)	The Fund seeks to provide investors with regular income* over the medium to long-term by investing in a diversified portfolio of collective investment schemes. ** Income distribution (if any) will be in the form of additional Units or paid to you by way of transfer to a bank account held under your name. For further details on the mode of distribution, please refer to Section 3.12.* ***Any material change to the investment objective of the Fund would require Unit Holder's approval.***	The Fund seeks to provide income* over the medium to long-term. ** Income distribution (if any) will be in the form of additional Units or paid to you by way of transfer to a bank account held under your name. For further details on the mode of distribution, please refer to Section 4.12.* *Note: Any material change to the investment objective of the Fund would require Unit Holder's approval.*
1.10 Investment Policy and Strategy (Current) 1.7 Investment Policy and Strategy (Revised)	The Fund seeks to provide regular income over the medium to long-term by investing in a diversified portfolio of collective investment schemes that are liquid. In determining the appropriate allocation, we will amongst other factors, review macroeconomic trends, investment policy and strategy, cost factors and performance of the underlying funds. In the Investment Advisor's evaluation and selection of underlying collective investment schemes, the evaluation process involves a combination of quantitative analysis and qualitative view. The evaluation process focusses on an evaluation of an underlying collective investment schemes' capability in achieving the Fund's investment objective.	The Fund seeks to achieve its investment objective by investing a minimum of 90% of the Fund's NAV in the Target Fund with the remaining balance in liquid assets which include money market instruments and Deposits. Accordingly, this Fund will have a passive strategy as all the investment decisions will be made at the Target Fund level. When deemed necessary, we may use derivatives such as options, futures contracts, forwards contracts or swaps for the purpose of hedging. In the event of a downgrade in the rating of a counterparty of an OTC derivative, we reserve the right to deal with the OTC derivative in the best interest of the Unit Holders. In this event, we shall, on best effort basis, liquidate the derivative position to safeguard the interest of the Unit Holders. However, we reserve the right to maintain the investment if we deem the downgrade as a temporary event which could potentially reverse within 6 months. We will ensure that the Fund's

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	The Investment Advisor will review and rebalance the asset allocation on a quarterly basis and as and when there is any occurrence of significant events which may affect the Fund. The Fund is actively managed and the Fund's portfolio will be rebalanced from time to time to ensure the portfolio is allocated in the prescribed asset allocation. When deemed necessary, we may use derivatives such as options, futures contracts, forwards contracts or swaps for the purpose of hedging. In the event of a downgrade in the rating of a counterparty of an OTC derivative, we reserve the right to deal with the OTC derivative in the best interest of the Unit Holders. We will ensure that the Fund's global exposure from financial derivatives position does not exceed the Fund's NAV at all times. Such exposure will be calculated using the commitment approach as described in Appendix A. We may take temporary defensive positions that may be inconsistent with the Fund's principal investment strategy in attempting to respond to adverse economic, political or any other market conditions. In such circumstances, we may allocate up to 100% of the Fund's assets into money market instruments and place deposits with financial institutions, which are defensive in nature.	global exposure from financial derivatives position does not exceed the Fund's NAV at all times. Such exposure will be calculated using the commitment approach as described in *Section 1.14 Commitment Approach.* We may take temporary defensive positions that may be inconsistent with the Fund's investment strategy and asset allocation in response to adverse economic, political or any other market conditions. In such circumstances, we may allocate up to 100% of the Fund's assets into money market instruments and place Deposits with financial institutions, which are defensive in nature. If in our opinion, the Target Fund no longer meets the Fund's objective, we may, in consultation with the Trustee, liquidate the investments in the Target Fund and hold 100% of the Fund's NAV in liquid assets which include money market instruments and Deposits or replace the Target Fund with another fund with similar objective. *Note: A replacement of the Target Fund or termination of the Fund would require Unit Holders' approval.*
1.11 Asset Allocation (Current) 1.8 Asset Allocation (Revised)	• A minimum of 85% of the Fund's NAV in CIS; and • A maximum of 15% of the Fund's NAV in liquid assets (i.e. money market instruments and/or deposits).	• A minimum of 90% of the Fund's NAV in the Target Fund; and • Up to 10% of the Fund's NAV in liquid assets which include money market instruments and Deposits.
1.12 Performance Benchmark (Current) 1.9 Performance	• 30% MSCI World • 20% MSCI Asia ex Japan • 30% Barclays Global Aggregate (USD Hedged) • 20% JACI Total Return	• 45% MSCI AC World Index • 50% Bloomberg Barclays Global Aggregate Index • 5% SORA 1M Compounded The performance benchmark is changed from 30% weighted in the MSCI World, 20%

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Benchmark (Revised)	The performance benchmark is 30% weighted in the MSCI World and 20% weighted in MSCI Asia ex Japan to represent the equity CIS of the Fund; and 30% weighted in the Barclays Global Aggregate (USD Hedged) and 20% weighted in JACI Total Return to represent the fixed income CIS of the Fund.	weighted in MSCI Asia ex Japan, 30% weighted in the Barclays Global Aggregate (USD Hedged) and 20% weighted in JACI Total Return to the above composite benchmark index as the latter is more reflective of the investment policy and strategy of the Fund which invest a minimum of 90% of its NAV in the Target Fund and the balance in liquid assets. The weightage of the above composite benchmark index is in line with the asset allocation of the Fund.
1.13 Investors' Profile (Current) 1.10 Investors' Profile (Revised)	The Fund is suitable for investors who:- • seek regular income through investments in a diversified portfolio; • have a moderate risk tolerance; and • have a medium to long term investment horizon.	The Fund is suitable for investors who:- • seek income; • have a moderate risk tolerance; and • have a medium to long term investment horizon.
1.14 Distribution policy (Current) 1.11 Distribution policy (Current)	Distribution is incidental for the first financial year. Thereafter, distribution (if any) will be made quarterly subject to the availability of income and at our discretion.	Distribution is incidental for the first financial year. Thereafter, distribution (if any) will be made quarterly subject to the availability of income and at our discretion. Distribution may be made from realised gains, realised income and/or out of capital. If the realised gains or realised income is insufficient, we may declare distribution out of capital. The inclusion of distribution out of capital is to enable us to be able to achieve the Fund's objective of providing income and make distribution as per the Fund's distribution policy in the event there is insufficient income available for distribution. The effects of making distribution out of capital may include but are not limited to the following: (a) the value of the investments in the Fund may be reduced; and (b) the capital of the Fund may be eroded. Investors should note that the distribution is achieved by forgoing the potential for future capital growth and this cycle may continue until all capital is depleted.

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	For further details on the mode of distribution, please refer to Section 3.12 Mode of Distribution.	For further details on the mode of distribution, please refer to *Section 4.12 Mode of Distribution*.
1.15 Permitted Investments (Current) 1.12 Permitted Investments (Revised)	<u>The First Bullet Point</u> CIS;	<u>The First Bullet Point</u> a collective investment scheme;
1.16 Investment Restrictions and Limits (Current) 1.13 Investment Restrictions and Limits (Revised)	1. The Fund is a fund-of-funds which invests at least 85% of the Fund's NAV in other collective investment schemes. 2. The Fund may invest up to 15% of the Fund's NAV in the following permitted investments: (a) money market instruments that are dealt in or under the rules of an Eligible Market, and whose residual maturity does not exceed 12 months; (b) placement in short-term deposits; and (c) derivatives for the sole purpose of hedging arrangement. 3. We will ensure that the investments in other collective investment schemes complies with the relevant requirements as stipulated in the Guidelines. 4. The Fund must not invest in– (a) a fund-of-funds; (b) a feeder fund; and (c) any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund. 5. The Fund must invest in at least five (5) collective investment schemes at all times. 6. The value of the Fund's investment in units or shares of any collective investment scheme must not exceed 30% of the Fund's NAV, provided that the collective investment scheme complies with the relevant	1. The Fund is a feeder fund which invests at least 90% of the Fund's NAV in the Target Fund. 2. The Fund may invest up to 10% of its NAV in the following permitted investments: (a) money market instruments that are dealt in or under the rules of an Eligible Market, and whose residual maturity does not exceed 12 months; (b) placement in short-term Deposits; and (c) derivatives for the sole purpose of hedging arrangement. 3. We will ensure that investments in the Target Fund comply with the general requirements set out in the Guidelines. 4. The Fund must not invest in– (a) a fund-of-funds; (b) a feeder fund; and (c) any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund. 5. The counterparty of an OTC derivative must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories) and subject to the aggregate limit in this section, the maximum exposure of the Fund to a counterparty, calculated based on:- (a) the exposure to a counterparty of an OTC derivative must be measured based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the

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	requirements as stipulated in the Guidelines. 7. The aggregate value of the Fund's investment in collective investment schemes that do not comply with the relevant requirements as stipulated in the Guidelines must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single collective investment scheme. 8. The counterparty of an OTC derivative must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories) and subject to the aggregate limit in this section, the maximum exposure of the Fund to a counterparty, calculated based on:- (a) the exposure to a counterparty of an OTC derivative must be measured based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC derivative; and (b) the total exposure to a single counterparty is calculated by summing the exposure arising from all OTC derivative transactions entered into with the same counterparty, must not exceed 10% of the Fund's NAV. 9. The aggregate value of the Fund's investments in, or exposure to, a single issuer through money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC derivatives must not exceed 15% of the Fund's NAV. 10. The value of the Fund's placement in deposits with any single financial institution must not exceed 15% of the Fund's NAV. This limit does not apply	basis of the notional value of the OTC derivative; and (b) the total exposure to a single counterparty is calculated by summing the exposure arising from all OTC derivative transactions entered into with the same counterparty, must not exceed 10% of the Fund's NAV. 6. The aggregate value of the Fund's investments in, or exposure to, a single issuer through money market instruments, Deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC derivatives must not exceed 10% of the Fund's NAV. 7. The value of the Fund's investments in money market instruments issued by any group of companies must not exceed 10% of the Fund's NAV. 8. The value of the Fund's placement in Deposits with any single financial institution must not exceed 10% of the Fund's NAV. This limit does not apply to placements of Deposits arising from:- (a) subscription monies received prior to the commencement of investment by the Fund; (b) liquidation of investments prior to the termination of the Fund, where the placement of Deposits with various financial institutions would not be in the best interests of Unit Holders; or (c) monies held for the settlement of redemption or other payment obligations, where the placement of Deposits with various financial institutions would not be in the best interest of Unit Holders. 9. The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size.

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	to placements of deposits arising from:- (a) liquidation of investments prior to the termination of the Fund, where the placement of deposits with various financial institutions would not be in the best interests of Unit Holders; or (b) monies held for the settlement of redemption or other payment obligations, where the placement of deposits with various financial institutions would not be in the best interest of Unit Holders. 11. The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size. 12. The Fund's investments in collective investment schemes must not exceed 25% of the units or shares in the collective investment schemes.	10. During temporary defensive positions, the following investment restrictions and limits will apply: (a) The aggregate value of the Fund's investments in, or exposure to, a single issuer through money market instruments, Deposits underlying assets of derivatives and counterparty exposure arising from the use of OTC derivatives must not exceed 25% of the Fund's NAV. (b) The value of the Fund's placement in Deposits with any single financial institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements of Deposits arising from: (i) subscription monies received prior to the commencement of investment by the Fund; (ii) liquidation of investment prior to the termination of the Fund, where the placement of Deposits with various financial institutions would not be in the best interests of the Unit Holders; or (iii) monies held for the settlement of redemption or other payment obligations, where the placement of Deposits with various financial institutions would not be in the best interests of the Unit Holders. (c) The value of the Fund's investments in money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV. (d) The value of the Fund's investments in money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV.
1.17.1 General Risks of Investing in a Unit Trust Fund (Current) 1.15.1 General Risks of Investing in a Unit Trust	-	**Risk of fund suspension** The Fund will be suspended immediately if the Target Fund is suspended to ensure that the Fund has a fair valuation as the Target Fund forms a material portion of the Fund's assets. The Fund may also be suspended under exceptional circumstances where the market value or fair value of a material portion of the Fund's assets cannot be determined as disclosed in *Section 4.10 Temporary Suspension of Determination of NAV and of the Issue, Switching and Redemption* of *Units*. Prior to triggering a suspension, we seek to manage

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Fund (Revised)		this by allowing the Fund to hold up to 10% of its NAV in liquid assets which seeks to allow the Fund to have a sufficient buffer to meet the Unit Holders' redemption request. We also conduct fund flow analysis to ensure that the Fund is holding sufficient cash to meet redemption requests. Suspension due to these exceptional circumstances will only be triggered as a last resort and is in the best interest of Unit Holders to do so. In the event of a suspension, the Fund will not be able to accept any transactions and Unit Holders will not be able to make repurchase requests and will need to stay invested in the Fund until the suspension is lifted. As such, Unit Holders will not be able to redeem their investment in the Fund until a future time and continue to be subjected to the risks of the Fund as they remain invested. *Note: For further details on temporary suspension or suspension dealing of the Target Fund, please refer to Section 2.5 Temporary Suspension or Suspension of Dealing.*
1.17.2 Specific Risks associated with the investment portfolio of the Fund (Current) 1.15.2 Specific Risks associated with the investment portfolio of the Fund (Revised)	**Collective Investment Scheme Risk** The Fund's NAV may be affected by its investments in CIS. For example, the performance of the respective CIS may be adversely affected due to various factors such as poor market conditions as well as the respective fund manager's capabilities. As a result, the performance of the Fund may be adversely impacted. - **Liquidity Risk** Liquidity risk refers to the ease of liquidating an investment depending on the investment's volume traded in the market. In managing liquidity risk, we will maintain sufficient liquid assets for the purpose of meeting redemption requests	**Target Fund risk** The Fund is a feeder fund which invests a minimum of 90% of its NAV into the Target Fund at all times. All investment decisions on the Target Fund are left with the Target Fund's fund manager and we will have no control over the investment processes and decisions made by the Target Fund. As such, the Fund is exposed to the risk of its NAV declining when the Target Fund's net asset value declines. **Counterparty risk** The Fund may be exposed to counterparty risk associated with OTC derivatives as the Fund may enter into derivative contracts for hedging purposes. Counterparty risk is the risk of loss that arises from counterparties' failure to fulfil their obligation or decline in the counterparties' credit rating which may adversely impact the Fund's NAV. -

	from Unit Holders. However, the CIS which the Fund invests into may impose limitation on the redemption of units which could result in the Fund being unable to dispose of the units in the CIS in a timely manner and as such, the value of the Fund may be negatively affected if the units in the CIS is unable to be disposed at a favourable price.	
	Currency risk <u>Currency Risk at the Fund level</u> As the investments of the Fund may be denominated in currencies other than the Base Currency, any fluctuations in the exchange rate between the Base Currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the Base Currency, this will have an adverse effect on the NAV of the Fund in the Base Currency and vice versa. Investors should also note that any gains or losses arising from the fluctuation in exchange rate may further increase or decrease the returns of the investment.	**Currency risk** <u>Currency Risk at the Fund level</u> The Fund may invest up to 10% of its NAV in liquid assets. Under adverse conditions, the Fund may hold up to 100% of its NAV in liquid assets as a temporary defensive strategy. These investments may be denominated in currencies other than the Base Currency. As a result, any fluctuations in the exchange rate between the Base Currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the Base Currency, this will have an adverse effect on the NAV of the Fund in the Base Currency and vice versa. Investors should also note that any gains or losses arising from the fluctuation in exchange rate may further increase or decrease the returns of the investment.
	<u>Currency risk at the Class level</u> Any fluctuation in the exchange rates between the Base Currency and the currency denomination of the respective Class(es) which are different from the Base Currency may also have an impact on the value of investor's holdings. Investors of the hedged Class(es) will be subject to minimal currency risk as we will as much as practicable mitigate this risk by hedging the currency denomination of the hedged Class(es) against the Base Currency of the Fund, i.e. USD. Investors should note that this hedging may not fully eliminate the currency risk on the hedged Class(es). In addition, by employing this hedging, investors would not be able to enjoy the additional currency gains when Base Currency moves favourably against the currency denomination of the hedged Class(es). Additional transaction costs of	<u>Currency risk at the Class level</u> Any fluctuation in the exchange rates between the Base Currency and the currency denomination of the respective Class(es) which are different from the Base Currency may also have an impact on the value of investor's holdings. Investors of the hedged Class(es) will be subject to minimal currency risk as we will as much as practicable mitigate this risk by hedging the currency denomination of the hedged Class(es) against the Base Currency of the Fund, i.e. USD. Investors should note that this hedging may not fully eliminate the currency risk on the hedged Class(es). In addition, by employing this hedging, investors would not be able to enjoy the additional currency gains when Base Currency moves favourably against the currency denomination of the hedged Class(es). Additional transaction costs of hedging will also be borne by investors of the hedged Class(es).

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	hedging will also be borne by investors of the hedged Class(es).	
	-	Investors in the USD Class will not be subject to currency risk at the Class level as it is denominated in the same currency as the Base Currency of the Fund.
	-	**Risk of limitation on realisation of the Target Fund** As the Fund will be investing a minimum of 90% of its NAV in the Target Fund, the realisation proceeds of the Fund are subject to the provisions of the deed of the Target Fund. The Management Company may limit the total number of units to be realised by the holders or cancelled by the Management Company on any dealing day to 10% of the total number of units of the Target Fund or any class of the Target Fund then in issue. Investors are advised to understand the limitation on realisation of the Target Fund at *Section 2.7 Limitation on Realisation*. Under such circumstances, we will apply such limitation proportionately to all Unit Holders who have validly requested realisations on such dealing day. Unit Holders' redemption requests received by us on any Business Day which exceeds the proportionate realisation limit accorded to the Fund may not be accepted and processed on the same day. In this event, Unit Holders' redemption request shall be carried forward as the Fund's realisation of units from the Target Fund are being carried forward. The Fund's unrealised units will then be carried forward until the total number of units to be realised falls within such limit set by the Management Company on a dealing day i.e. the processing date. In this case, redemption requests from Unit Holders may similarly be processed over more than one (1) Business Day from the day the request is received by us. In the event of limitation on realisation of the Target Fund, the Fund's redemption proceeds from the Target Fund may be delayed and such delay will subsequently prolong the redemption payment period to the Unit Holders. Unit Holders will receive their redemption proceeds in accordance to *Section 4.4 Redemption of Units* based on when the redemption request is accepted and processed by us i.e. the processing date.

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	-	**Risk of compulsory realisation of the Target Fund** As the Fund will be investing a minimum of 90% of its NAV in the Target Fund, any event of compulsory realisation occurred on the Target Fund will have an impact to the Fund. In the event that the Target Fund exercises a compulsory realisation of the units held by the Fund, the Fund will no longer be invested in the Target Fund and will therefore not be able to meet its asset allocation and investment objective. Investors are advised to understand the compulsory realisation of the Target Fund at *Section 2.8 Compulsory Realisations*. Under such circumstances, we, in consultation with the Trustee will call for a Unit Holders' meeting to decide on whether to terminate the Fund or replace the Target Fund with a new target fund with similar investment objective. *Note: A replacement of the Target Fund or termination of the Fund would require Unit Holders' approval.*
1.15.3 Risks related to the Target Fund	-	Please refer to Appendix 1.
1.17.3 Risk Mitigation (Current) 1.16 Risk Mitigation (Current)	The risk management strategies and techniques employed will be at the respective underlying funds level. In addition, we may take temporary defensive positions that may be inconsistent with the Fund's investment strategy in response to adverse economic, political or market conditions. In such circumstances, the Fund may hold up to 100% of its assets in liquid assets as a defensive strategy. The Fund will also be monitored daily to ensure compliance with the permitted investments and restrictions.	The risk management strategies and techniques employed will be at the Target Fund level, please refer to *Section 1.15.3 Specific Risks related to the Target Fund* for more information on the risk management procedures on certain investments. In addition, we may take temporary defensive positions that may be inconsistent with the Fund's investment strategy in response to adverse economic, political or market conditions. In such circumstances, the Fund may hold up to 100% of its assets in liquid assets as a defensive strategy. As a result, the Fund's performance may deviate from the Target Fund's performance. The Fund will also be monitored daily to ensure compliance with the permitted investments and restrictions. We have in place liquidity risk management policies to monitor, measure and manage the liquidity risks of the Fund to enable the Fund to meet redemption requests from Unit Holders. We seek to manage this by allowing the Fund to hold up to 10% of its NAV in liquid assets which

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		seeks to allow the Fund to have a sufficient buffer to meet the Unit Holders' redemption request. We also conduct fund flow analysis to ensure that the Fund is holding sufficient cash to meet redemption requests. The Target Fund is a daily liquidity fund which under normal circumstances, enables the Fund to redeem and meet redemption requests. The Fund will be suspended immediately if the Target Fund is suspended to ensure that the Fund has a fair valuation as the Target Fund forms a material portion of the Fund's assets. The Fund may also be suspended under exceptional circumstances where the market value or fair value of a material portion of the Fund's assets cannot be determined as disclosed in *Section 4.10 Temporary Suspension of Determination of NAV and of the Issue, Switching and Redemption of Units*. We will utilise our liquidity risk management tools as per above prior to triggering a suspension due to these exceptional circumstances. This will only be triggered as a last resort and is in the best interest of Unit Holders to do so. In the event of a suspension, the Fund will not be able to accept any transactions and Unit Holders will not be able to make repurchase requests and will need to stay invested in the Fund until the suspension is lifted. As such, Unit Holders will not be able to redeem their investment in the Fund until a future time and continue to be subjected to the risks of the Fund as they remain invested. *Note: For further details on temporary suspension or suspension dealing of the Target Fund, please refer to Section 2.5 Temporary Suspension or Suspension of Dealing.*
Chapter 2: Information on the United Income Fund ("Target Fund")	-	Please refer to Appendix 2.
3.4 Redemption of Units (Current) 4.4 Redemption	<u>The Sixth Paragraph</u> The proceeds from the underlying collective investment schemes are subjected to currency conversion to the respective Classes of Units. (Note: Currency conversion is dependent on the	<u>The Sixth Paragraph</u> Redemption proceeds will be paid within five (5) Business Days from the receipt of redemption proceeds from the Target Fund. The Fund generally receives the redemption proceeds from the Target Fund on T+5 Business Days

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of Units (Revised)	banking system and differing banks/agent banks and currencies will have a different conversion timeline.)	from the day we receive a complete redemption request form. Thereafter, the redemption proceeds from the Target Fund will require currency conversion to the Class currency to be remitted to Unit Holders. (Note: Currency conversion is dependent on the banking system and differing banks/agent banks and currencies will have a different conversion timeline.)
	In light of the above, redemption proceeds will be paid within:- • eight (8) Business Days for MYR Hedged Class; • ten (10) Business Days for AUD Hedged Class; • ten (10) Business Days for SGD Hedged Class; and • eight (8) Business Days for USD Class; from the date we receive a complete redemption request form.	Generally, redemption proceeds will be paid within:- • eight (8) Business Days for MYR Hedged Class; • ten (10) Business Days for AUD Hedged Class; • ten (10) Business Days for SGD Hedged Class; and • eight (8) Business Days for USD Class; from the date we receive a complete redemption request form.
	-	<u>Limitation on realisation by the Target Fund</u> The realisation requests submitted by the Fund to the Target Fund will be deferred if the total realisation requests received by the Target Fund exceed 10% of the total number of units of the Target Fund or any class of the Target Fund then in issue. The Fund will receive redemption proceeds from the Target Fund on a staggered basis. Similarly, the Fund will mirror the redemption process of the Target Fund and disburse the redemption proceeds to the Unit Holders on a staggered basis. In this event, the Fund will receive the redemption proceeds from the Target Fund in four (4) Business Days from the day realisation requests are processed by the Target Fund. Redemption proceeds will then be paid to the Unit Holders within five (5) Business Days from the Fund's receipt of redemptions proceeds from the Target Fund. Affected Unit Holders who have submitted their redemption requests to us will be notified upon our receipt of such notification from the Management Company of the Target Fund. Investors are advised to understand the limitation on realisation of the Target Fund at *Section 2.7 Limitation on Realisation.*

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		Note: If suspension of redemption is imposed, Unit Holders of the Fund would not be able to redeem their Units in the Fund temporarily until such suspension is lifted. Unit Holders will have to remain invested in the Fund for as long as suspension is imposed.
3.10 Temporary Suspension of Determination of NAV and of the Issue, Switching and Redemption of Units (Current) 4.10 Temporary Suspension of Determination of NAV and of the Issue, Switching and Redemption of Units (Revised)	-	We may suspend the determination of the NAV of Units in the Fund, the issue of Units, switching of Units and the redemption of Units under the following circumstances:- (a) during any period when dealing in the Target Fund is suspended*; (b) during any period when an emergency exists as a result of which disposal of the Target Fund which constitute a substantial portion of the assets of the Fund is not practically feasible or would be seriously prejudicial to the Unit Holders; or (c) when for any other reason the prices of the Target Fund cannot be promptly or accurately be ascertained. Unit Holders who have requested subscription, switching, transfer or redemption of their Units will be notified in writing of any such suspension of the right to subscribe, to convert or to require redemption of Units and will be promptly notified upon termination of such suspension. Any suspension shall be in accordance with the Deed. The Fund will be suspended immediately if the Target Fund is suspended. Otherwise, suspension will only be triggered as a last resort and is in the best interest of Unit Holders to do so. In the event the Fund is suspended, Unit Holders of the Fund would not be able to redeem their Units in the Fund temporarily until such suspension is lifted. Unit Holders will have to remain invested in the Fund for as long as suspension is imposed. *Note: *For further details on temporary suspension or suspension dealing of the Target Fund, please refer to Section 2.5 Temporary Suspension or Suspension of Dealing.*
3.11.1 Valuation of	The Fund will be valued at least once on every Business Day. The valuation of the	The Fund will be valued at least once on every Business Day. The valuation of the Fund will be

<table>
<tr>
<td>the Fund (Current)

4.11.1 Valuation of the Fund (Revised)</td>
<td>Fund will be carried out in a fair and accurate manner, at the valuation point.

As the value of the Fund's investment in the underlying funds at the close of a Business Day (T day) will only be determined at the end of the following Business Day (T+1 day), the valuation of the Units in respect of a particular Business Day can only be carried out two (2) Business Days later (T+2 day).

Accordingly, if a transaction request is received before the cut-off time of 4:00 p.m. on a Business Day i.e. Monday (T day), the transaction request will be processed based on the NAV per Unit on Monday (T day), which will be calculated on Wednesday (T+2 day).

Similarly, a transaction request received after 4:00 p.m. on Monday (T day) will be taken as a transaction request made on Tuesday (T+1 day). Therefore, the transaction request will be processed based on the NAV per Unit on Tuesday (T+1 day), which will be calculated on Thursday (T+3 day).

Note: Valuation point is the particular point in time on a Business Day, as we may decide, at which the NAV of the Fund is calculated.</td>
<td>carried out in a fair and accurate manner, at the valuation point.

As the Target Fund is a foreign fund, the valuation of the Units in respect of a particular Business Day can only be carried out on the following Business Day.

Unit Holders may contact us directly during business hours to obtain the latest price of the Fund. Please refer to the Corporate Directory section on page 5 for contact details.

Note: Valuation point is the particular point in time on a Business Day, as we may decide, at which the NAV of the Fund is calculated.</td>
</tr>
<tr>
<td>3.11.2 Bases for Valuation of the Assets of the Fund (Current)

4.11.2 Bases for Valuation of the Assets of the Fund (Revised)</td>
<td><u>Collective investment schemes</u>

<table><tr><th>Investment Instruments</th><th>Valuation Basis</th></tr><tr><td>Collective investment schemes</td><td>CIS which are quoted on an exchange shall be valued based on the last done prices as at the close of the Business Day of the respective markets on the same calendar day.

Investments in unlisted CIS will be valued based on the last published redemption price.</td></tr></table></td>
<td><u>Collective investment schemes</u>

<table><tr><th>Investment Instruments</th><th>Valuation Basis</th></tr><tr><td>Collective investment schemes</td><td>Investments in unlisted collective investment schemes will be valued based on the last published redemption price.</td></tr></table></td>
</tr>
</table>

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4.7 The Investment Advisor (Current)	We have appointed UOB Asset Management Ltd ("UOBAM") as the Investment Advisor, whose registered office is at 80, Raffles Place, #03-00 UOB Plaza, Singapore 048624. UOBAM is a wholly-owned subsidiary of United Overseas Bank Limited ("UOB"). Established in 1986, UOBAM has been managing collective investment schemes and discretionary funds in Singapore for over 30 years. UOBAM is licensed and regulated by the Authority. UOBAM has an extensive presence in Asia with regional business and investment offices in Malaysia, Thailand, Brunei, Taiwan, Japan and Vietnam. UOBAM has a joint venture with Ping An Fund Management Company Limited and strategic alliances with Wellington Management and UTI International (Singapore) Private Limited. Through its network of offices, UOBAM offers global investment management expertise to institutions, corporations and individuals, through customised portfolio management services and unit trusts. UOBAM is one of the largest unit trust managers in Singapore in terms of assets under management. The Investment Advisor will be providing their expertise and guidance in all investment related matters of the Fund, including investment strategy, investment process and related operational matters. The Investment Advisor will review and provide advice on the portfolio quarterly to ensure the investment strategy employed aligns with the investment objective of the Fund.	-
Chapter 9: Tax Adviser Letter (Current) Chapter 10: Tax Adviser Letter (Revised)	Please refer to Chapter 9 of the First Supplementary Prospectus dated 7 March 2023.	Please refer to Appendix 3.

Please note that the Replacement Prospectus will be available on our website at http://www.uobam.com.my/our-funds/allfunds.page from 5 September 2023.

Should you have any enquiries, please email us at UOBAMCustomerCareMY@UOBgroup.com.

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We look forward to your continuous support.

Thank you.

Yours sincerely,

Lim Suet Ling
Executive Director/ Chief Executive Officer
for **UOB Asset Management (Malaysia) Berhad**

This letter is computer-generated; signature is not required.

1.15.3 Risks related to the Target Fund

General Risks

Foreign exchange and currency risk
The Target Fund is denominated in SGD while the share class that the Fund invests in i.e. Class Z USD Acc is denominated in USD.

Where the Target Fund makes investments which are denominated in a currency (the "Portfolio Currency") that is different from the Target Fund currency or class currency, fluctuations of the exchange rates between the Target Fund currency or class currency and the Portfolio Currency may affect the value of the Units.

In managing the Target Fund, the Management Company may hedge the foreign currency exposure of the Target Fund or class of the Target Fund and may adopt an active or passive currency management approach. However, the foreign currency exposure of the Target Fund or class may not be fully hedged depending on the circumstances of each case. Such circumstances include but are not limited to the outlook, hedging costs and market liquidity of the relevant currency.

Additionally, given that the class of the Target Fund is denominated in a different currency from the Target Fund currency, changes in the exchange rate between the class currency and the Target Fund currency may adversely affect the value of the Units of the class, as expressed in the class currency. Subject to the same considerations in the sub-paragraph above, the Management Company may or may not mitigate the exchange rate risks to the extent of the value of the assets of the Target Fund attributed to the class by hedging such exchange rate risks, and to the extent that the Management Company do not do so, investors will be exposed to exchange rate risks.

Although a financial instrument used to mitigate the exchange rate risks of the class may not be used in relation to the other classes of Units within the Target Fund, the financial instrument will comprise the assets (or liabilities) of the Target Fund as a whole. The gains (or losses) on and the costs of the relevant financial instruments will, however, accrue solely to the relevant class of Units of the Target Fund.

Foreign market risk
Investments in foreign markets may present risks not typically associated with domestic markets. These risks may include changes in currency exchange rates; less-liquid markets and less available information; less government supervision of exchanges, brokers, and issuers; increased social, economic, and political uncertainty; and greater price volatility. These risks may be greater in emerging markets, which may also entail different risks from developed markets.

Issuer specific risk
A security issued by a particular issuer may be impacted by factors that are unique to that issuer and thus may cause that security's return to differ from that of the market.

Derivatives risk
A fund which uses or invests in financial derivative instruments will be subject to risks associated with such financial derivative instruments. Financial derivative instruments include foreign exchange forward contracts and equity index future contracts. An investment in a financial derivative instrument may require the deposit of an initial margin and additional deposit of margin on short notice if the market moves against the investment position. If the required margin is not provided in time, the investment may be liquidated at a loss. Therefore, it is essential that investments in financial derivative instruments are monitored closely. The Management Company has controls for investments in financial derivative instruments and have in place systems to monitor the financial derivative instrument positions of the Target Fund.

Interest rate risk
Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macroeconomic factors, speculation and central bank and government intervention. Fluctuations in interest rates of the currencies in which investments of the Target Fund are denominated or

fluctuations in interest rates of the currencies in which the underlying assets comprised in the investments of the Target Fund are denominated may affect the value of the Target Fund.

Counterparty risk
The Target Fund is exposed to the risk that a counterparty may default on its obligations to perform under a particular contract. If a counterparty becomes bankrupt or insolvent, the Target Fund could experience delays in liquidating an investment and may therefore incur significant losses, including losses resulting from a decline in the value of the investment during the period in which the Target Fund seeks to enforce its rights. The Target Fund may also be unable to realise any gains on the investment during such period and may incur fees and expenses to enforce its rights. There is also a risk that counterparty contracts may be terminated earlier due to, for instance, bankruptcy, supervening illegality or change in the tax or accounting laws relative to those laws existing at the time the contracts were entered into.

Repatriation risk
Investments in some countries could be adversely affected by delays in, or refusal to grant, relevant approvals for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Consents granted prior to investment being made in any particular country may be varied or revoked, and new restrictions may be imposed.

Political, regulatory and legal risk
The value and price of the Target Fund's investments may be adversely affected by international political developments, changes in exchange controls, taxation policies, monetary and fiscal policies, foreign investment policies, government policies, restrictions on repatriation of investments and other changes in the laws, regulations, restrictions and controls in the relevant countries.

Taxation risk
Investments may be adversely affected by changes in taxation, monetary and fiscal policies. New taxes imposed on the holding of investments in a particular jurisdiction, or any capital gains or income derived from such investments, may adversely affect the performance of such investments and consequently the value of Units and the income from them.

Emerging markets risk
Investment in assets issued by entities of emerging markets and/or which are denominated in a currency of an emerging market involves additional risks and special considerations not typically associated with investing in assets of other more established economies or securities markets. Such risks may include (i) increased risk of nationalisation or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalisation of securities markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies; (viii) increased likelihood of governmental decisions to cease support of economic reform programmes or to impose centrally planned economies; (ix) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (x) less extensive regulation of the securities markets; (xi) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; (xii) less protection through registration of assets and (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and protection of shareholders.

Exceptional market conditions risk
Under certain market conditions such as during volatile markets or crisis situations or where trading on the relevant stock exchange is suspended, restricted or otherwise impaired, it may be difficult or impossible to liquidate or rebalance positions. During such times, the Target Fund may be unable to dispose of certain assets due to thin trading or lack of a market or buyers. Placing a stop-loss order may not necessarily limit the Target Fund's losses to intended amounts as market conditions may make it impossible to execute such order at the ideal price. In addition, such circumstances may force the Target Fund to dispose of assets at reduced prices, thereby adversely affecting the Target Fund's performance. Investments may

also be difficult to value with any degree of accuracy or certainty. The dumping of securities in the market could further deflate prices. If the Target Fund incurs substantial trading losses, the need for liquidity could rise sharply at the same time that access to liquidity is impaired. Further, in a market downturn, the financial conditions of the Target Fund's counterparties could be weakened, thereby increasing the Target Fund's credit risk.

Actions of institutional investors
The Target Fund may accept subscriptions from institutional investors and such subscriptions may constitute a large portion of the total investments in the Target Fund. While these institutional investors will not have any control over the investment decisions for the Target Fund, the actions of such investors may have a material effect on the Target Fund. For example, substantial realisations of Units by an institutional investor over a short period of time could necessitate the liquidation of the Target Fund's assets at a time and in a manner which does not provide maximum economic advantage to the Target Fund and which could therefore adversely affect the value of the Target Fund's assets.

Liquidity risk of investments
Investments by Target Fund in some Asian and/or emerging markets often involve a greater degree of risk due to the nature of such markets which do not have fully developed services such as custodian and settlement services often taken for granted in more developed markets. There may be a greater degree of volatility in such markets because of the speculative element, significant retail participation and lack of liquidity which are inherent characteristics of these markets.

Broker risk
We may engage the services of third-party securities brokers and dealers to acquire or dispose the investments of the Target Fund and to clear and settle their exchange traded securities trades. In selecting brokers and dealers and in negotiating any commission involved in the transactions with them, the Management Company consider, amongst other things, the range and quality of the professional services provided by such brokers and dealers and their credit standing and licensing or regulated status.

It is possible that the brokers or dealers engaged for the Target Fund may encounter financial difficulties that may impair the Target Fund's operational capabilities. If a broker or dealer fails or becomes insolvent, there is a risk that the Target Fund's orders may not be transmitted or executed, and its outstanding trades made through the broker or dealer may not settle.

Investment management risk
Investment performance depends on the portfolio management team and the team's investment strategies. If the investment strategies do not perform as expected, if opportunities to implement those strategies do not arise, or if the team does not implement its investment strategies successfully, an investment portfolio may underperform or suffer significant losses.

<u>Specific Risks</u>

Equity risk
The Target Fund's or Underlying Entity's investments in stocks and other equity securities are subject to market risks that historically have resulted in greater price volatility than that experienced by bonds and other fixed income securities. This in turn may affect the value or volatility of the Target Fund or Underlying Entity.

Fixed income and debt securities risk
The Target Fund's or Underlying Entity's investments in fixed income and debt securities are subject to the risks that are typical of such instruments, such as interest rate risks and default risk. Interest rate risks will arise from unexpected changes in the term structure of interest rates, which in turn depend on general economic conditions. In general, the prices of debt securities are subject to interest rate fluctuations; prices of debt securities generally rise when interest rate falls, and generally fall when interest rate rises. The longer the term of a debt security, the more sensitive it will be to fluctuations in value from interest rate changes. In addition, such investments are subject to the specific ability of the issuers of such securities to

meet their debt obligations and hence depend on the financial health of the issuers, which may change adversely over time due to their specific business conditions and general market conditions.

Investments in fixed income or debt securities are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, or an unanticipated rise in interest rates, which may impair the ability of the issuer to make payments of interest and principal especially if the issuer is highly leveraged. Such issuer's ability to meet its debt obligations may also be adversely affected by specific corporate developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. An economic downturn or an increase in interest rates may increase the potential for default by the issuers of these securities. Also, a change in the credit rating of a debt security as a result of any of the above factors can affect that security's liquidity and therefore have an impact on the value of Units in the Target Fund or Underlying Entity. In general, lower-rated securities carry a greater degree of credit risk than higher-rated securities. Therefore, investments by the Target Fund or Underlying Entity in debt securities may lead to greater volatility in the value of Units of the Target Fund.

Below investment grade risks
Lower rated securities have a significantly greater risk of default in payments of interest and/or principal than the risk of default for investment grade securities. The secondary market for lower rated securities is typically much less liquid than the market for investment grade securities, frequently with significantly more volatile prices and larger spreads between bid and asked price in trading.

Concentration risk
Concentration of the Target Fund's or Underlying Entity's investments in a relatively small number of securities, sectors or industries, or geographical regions may significantly affect the performance of the Target Fund or Underlying Entity.

Single country, sector and regional risk
The Target Fund's or Underlying Entity's exposure may be focused in a single country, sector or region, investors should be aware that while such concentrated exposure may present greater opportunities and potential for capital appreciation, it may be subject to higher risks as there may be less diversification than a global portfolio.

Small and medium capitalisation companies risk
Investments in small and medium capitalisation companies generally carry greater risk than is customarily associated with larger capitalisation companies, which may include, for example, less public information, more limited financial resources and product lines, greater volatility, higher risk of failure than larger companies and less liquidity. The result may be greater volatility in the share prices of such companies.

Convertible securities risk
Convertible securities may be exchanged or converted into a predetermined number of the issuer's underlying shares, the shares of another company, or shares that are indexed to an unmanaged market index at the option of the holder during a specified time period. Although to a lesser extent than with fixed income securities generally, the market value of convertible securities tends to decline as interest rates rise. Because of the conversion feature, the market value of convertible securities also tends to vary with fluctuations in the market value of the underlying shares and thus is subject to equity market risk as well.

Real estate securities risk
Risks associated with investing in the securities of companies principally engaged in the real estate industry such as Real Estate Investment Trust securities include: the cyclical nature of real estate values; risk related to general and local economic conditions; overbuilding and increased competition; demographic trends; and increases in interest rates and other real estate capital market influences.

Risks relating to distributions
Distributions from the Target Fund is at the Management Company's absolute discretion and is not guaranteed. Distributions may be made from dividend/interest income and net capital gains derived from the investments of the Target Fund. Dividend/interest income may be adversely affected by events such as

(but not limited to) investee entities suffering unexpected losses and/or paying lower than expected dividends, and adverse currency exchange rate fluctuations. Subject to the distribution policy of the Target Fund, distributions may also be made out of capital. The declaration and/or payment of distributions (whether out of income, net capital gains, capital or otherwise) may have the effect of lowering the net asset value of the Target Fund. Moreover, distributions out of capital may amount to a reduction of Unit Holders' original investment and may also result in reduced future returns to Unit Holders.

Risk of using rating agencies and other third parties
Credit ratings of instruments invested into by the Target Fund represent our and/or rating agencies' opinion regarding the credit quality of the instrument or the institution and are not a guarantee of quality. Rating methodologies generally rely on historical data, which may not be predictive of future trends and adjustments to credit ratings in response to subsequent changes in circumstances may take time. When a debt security is rated, the downgrading of such debt security could decrease the value and liquidity of the security. Where the Management Company rely on ratings issued by credit rating agencies, they have established a set of internal credit assessment standards and have put in place a credit assessment process to ensure that the Target Fund's investments are in line with these standards. Information on our credit assessment process will be made available to investors upon request. The Management Company may rely, without independent investigation, upon pricing information and valuations furnished to the Target Fund by third parties, including pricing services and independent brokers/dealers. Their accuracy depends on these parties' methodology, due diligence and timely response to changing conditions. The Management Company will not be responsible for any failures by such parties in their valuations.

Risks associated with Underlying Entities
As the Target Fund invests in Underlying Entities, the Target Fund will be indirectly exposed to the risks associated with Underlying Entities. Some of the potential risks are set out below:

<u>Third party managers</u>
If the Target Fund invests all or substantially all of its assets with selected third-party managers, two aspects of this investment strategy that will affect the success of the Target Fund are the increased cost and the risk of delegating control of a majority of its assets to persons other than the Management Company. The Management Company has no ability to control the manner in which third-party investment managers will make investments or whether they will act in accordance with any disclosure documents or descriptive materials issued by them.

<u>Access to information</u>
The Target Fund will receive periodic reports from such underlying investment managers at the same time as any other investor in such underlying investment vehicles. The Management Company will request detailed information on a continuing basis from each third-party investment manager regarding such investment manager's historical performance and investment strategies. However, the Management Company may not always be provided with detailed information regarding all the investments made by the third-party investment managers because certain of this information may be considered proprietary information by those investment managers. This lack of access to information may make it more difficult for the Management Company to select, allocate among and evaluate third-party investment managers.

<u>Net asset value calculation</u>
If prices or valuations of investments in the Underlying Entities are for any reason unavailable within a reasonable period following a valuation point, the Management Company may delay the calculation of the final net asset value of the Target Fund until such prices or valuations become available. The final net asset value might be calculated only once all prices become available. This may result in significant delay in the payment of realisation proceeds to the investor.

Where no net asset values are, or are likely to be available in respect of the Underlying Entities, the net asset values will be determined in such manner as deemed appropriate by the Management Company in accordance with the valuation principles. Further, the valuation date of which the Underlying Entities calculate their net asset values may not coincide with the valuation point of the Target Fund and the calculation of the Target Fund's net asset value may be based on historic net asset values of an Underlying

Entity which may vary from its actual value on the valuation point. In each of the circumstances described above, realisation proceeds or issue prices may represent a discount or premium (as the case may be) on the value of the net assets attributable to the units of the Target Fund.

Derivatives

The Underlying Entities' investments may include derivatives such as swaps, warrants, options and futures. The risk of investing in swaps, warrants, options and futures depends on the terms attached to them and on the volatility of financial stock markets on which they are traded. Because over-the-counter derivatives – such as swaps, options, warrants and forwards – are customised transactions, they often assemble risks in complex ways. This can make the measurement and control of these risks more difficult and create the possibility of unexpected loss. The prices of futures and other derivatives contracts are volatile and may be influenced, among other things, by actual and expected changes in the underlying security or securities index or in interest rates and currency exchange rates, which are in turn affected by fiscal and monetary policies and national and international political and economic events. Due to the relatively low margin deposits required, futures trading involves an extremely high degree of leverage. As a result, a relatively small price movement in a futures or derivatives contract may result in an immediate and substantial loss, or gain, to the Underlying Entities.

The primary risk with derivative investments is that their use may amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative instrument. Derivatives involve special risks, including: (i) the risk that interest rates, securities prices, commodities markets, futures markets and currency markets will not move in the direction that is not anticipated; (ii) imperfect correlation between the price of derivative instruments and movements in the prices of the securities, commodities, interest rates or currencies being hedged; (iii) the fact that skills needed to use these strategies are different than those needed to select portfolio securities; (iv) the possible absence of a liquid secondary market for any particular instrument and possible exchange imposed price fluctuation limits, either of which may make it difficult or impossible to close out a position when desired; (v) the risk that adverse price movements in an instrument can result in a loss substantially greater than the relevant Underlying Entity's initial investment in that instrument (in some cases, the potential loss is unlimited); (vi) particularly in the case of privately negotiated instruments, the risk that the counterparty will not perform its obligations, which could leave the relevant Underlying Entity worse off than if it had not entered into the position; and (vii) the inability to close out certain hedged positions to avoid adverse tax consequences.

Exchange control and currency risk

The Underlying Entities' assets may be invested in securities denominated in currencies other than the Target Fund currency and any income received by the Underlying Entities from those investments will be received in those currencies. There is therefore a currency exchange risk which may affect the value of the Target Fund's units to the extent that the Underlying Entities make such investments. The Underlying Entities may from time to time invest their assets in countries which have exchange control restrictions and the Underlying Entities may encounter difficulties or delay in relation to the receipt of its divestments due to such controls existing in various countries.

To the extent the Underlying Entity seeks to hedge its currency exposure, it may not always be practicable to do so. Moreover, hedging may not alleviate all currency risks. Furthermore, the Underlying Entity may incur costs in connection with conversions between various currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they are buying and selling various currencies.

To the extent the Underlying Entity enters into currency forward contracts (agreements to exchange one currency for another at a future date), these contracts involve a risk of loss if the Underlying Entity fails to predict accurately the direction of currency exchange rates. In addition, forward contracts are not guaranteed by an exchange or clearing house. Therefore, a default by the forward contract counterparty may result in a loss to the Underlying Entity for the value of unrealised profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

Techniques used to hedge currency exposure may reduce but will not eliminate the risk of loss due to unfavourable currency fluctuations and they tend to limit any potential gain that might result from favourable currency fluctuations. Some countries restrict conversion of their currency into other currencies, and for some currencies, there is no significant foreign exchange market.

There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time the relevant Underlying Entity wishes to use them, or will be able to be liquidated when the relevant Underlying Entity wishes to do so. In addition, the relevant Underlying Entity may choose not to enter into hedging transactions with respect to some or all of its positions.

Market risk

Financial markets are increasingly more volatile. Wide swings in market prices that have been a feature of smaller and less developed markets are also becoming common in major financial markets. In many instances, market prices defy rational analysis or expectation for prolonged periods of time and are influenced by movements of large funds as a result of short-term factors, counter-speculative measures or other reasons. Market volatility of large enough magnitude can sometimes weaken what is deemed to be a sound fundamental basis for investing in a particular market. Investment expectations may therefore fail to be realised in such instances too.

The prices of financial instruments in which the manager of an Underlying Entity may invest can be volatile and may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Underlying Entity is subject to the risk of failure of any of the exchanges on which its positions trade or of its clearinghouses.

Political and economic risks

The net asset value of an Underlying Entity may be affected by uncertainties such as political or diplomatic developments, social and religious instability, changes in government policies, imposition of confiscatory taxation and or withholding taxes on interest payments, changes in interest rates and other political and economic developments in law or regulations and, in particular, the risk of, and change in, legislation relating to the level of foreign ownership, including nationalisation and expropriation of assets.

Investments in emerging markets

Some of the markets in which an Underlying Entity may invest are emerging markets, and as a consequence tend to be substantially smaller, less liquid, less regulated and more volatile than major securities markets, such as those in more developed economies. The limited liquidity of securities in some emerging countries could also affect the Underlying Entity's ability to acquire or dispose of securities at the price and at the time it wishes to do so.

Fee structure

The Target Fund will bear indirectly fees charged by the managers and other service providers of its Underlying Entities. You should note that the fees and expenses borne by the Target Fund may constitute a relatively higher percentage of its net asset value than in relation to other types of funds.

Other risks

Each strategy employed by the Underlying Entities typically will involve a different set of complex risks, many of which are not described in the Target Fund's Prospectus. Investor should make such investigation and evaluation of such risks as the investor considers appropriate.

CHAPTER 2: INFORMATION ON THE UNITED INCOME FUND ("TARGET FUND")

2.1 About the Management Company of the Target Fund

The Fund invests all or substantially all of its assets into Class Z USD Acc of the United Income Fund, which is an institutional class. The Fund is investing into an institutional class for operational efficiency. Details of the Management Company and Investment Manager of the Target Fund are set out below:-

Management Company of the Target Fund
The management company of the Target Fund is UOB Asset Management Ltd ("UOBAM"), whose registered office is at 80, Raffles Place, UOB Plaza, Singapore 048624.

UOBAM is a wholly-owned subsidiary of United Overseas Bank Limited ("UOB"). Established in 1986, UOBAM has been managing collective investment schemes and discretionary funds in Singapore for over 35 years. UOBAM is licensed and regulated by the Authority. UOBAM has an extensive presence in Asia with regional business and investment offices in Malaysia, Thailand, Brunei, Indonesia, Taiwan, Japan and Vietnam. UOBAM has a joint venture with Ping An Fund Management Company Limited. In addition, it also has strategic alliances with Wellington Management and UTI International (Singapore) Private Limited. Through its network of offices, UOBAM offers global investment management expertise to institutions, corporations and individuals, through customised portfolio management services and unit trusts. As at 31 December 2022, UOBAM manages 59 unit trusts in Singapore. UOBAM is one of the largest unit trust managers in Singapore in terms of assets under management.

Since 1996, UOBAM has won a total of 218 awards in Singapore. These awards recognise UOBAM's investment performance across different markets and sectors.

The Investment Adviser
The investment adviser to the Management Company in their management of the Target Fund is United Overseas Bank Limited ("Investment Adviser"). The Investment Adviser is regulated by the Authority and is an exempt capital markets services entity and exempt financial adviser.

2.2 About the Target Fund

Information on the Target Fund	
Name of Target Fund	United Income Fund
Regulatory Authority	Monetary Authority of Singapore
Management Company of the Target Fund	UOB Asset Management Ltd
Investment Adviser for the Target Fund	United Overseas Bank Limited
Domicile	Singapore
Name of share class	Class Z USD Acc
Inception Date of the Target Fund	12 November 2020

Investment Objective
The investment objective of the Target Fund is to provide investors with regular income by investing globally.

Investment Focus and Approach
The Target Fund aims to achieve its objective by investing primarily in companies which shall be incorporated in, listed in, traded or dealt globally. The Target Fund may be exposed to these companies by investing in Underlying Entities such as funds, exchange traded funds ("ETFs") or Real Estate Investment

Trusts ("REITs"). The Target Fund may also invest in equity, equity-related securities, bond or debt instruments of these companies directly.

The Target Fund aims to minimize risk and maximize total investment return consisting of coupon income and, on an ancillary basis, dividend and capital appreciation by actively managing its asset allocation, regional allocation, and overall level of exposure to the markets globally.

The Target Fund will typically allocate 50% of the Target Fund's net asset value in *Equity Underlying Entities* and 50% of the Target Fund's net asset value in *Fixed Income Underlying Entities*, with a deviation of 20% for each asset class. The equities component in the Target Fund serves to provide dividend income and some capital return while the fixed income portion serves to anchor the portfolio performance. While complying with the above, the Target Fund also has flexibility to allocate into various asset classes and direct securities, and may even hold cash as required.

Equity Underlying Entities are those funds, ETFs and/or REITs which invest primarily in stocks-related securities of companies listed and traded on stock exchanges.

Fixed Income Underlying Entities are those funds and/or ETFs which invest primarily in fixed income instruments.

In the event that the Target Fund is investing in the Underlying Entities, the Management Company intends to invest across different managers to achieve diversification of manager risks and income streams. The allocation to each underlying holdings may vary over time, depending on the market conditions. The key elements of the investment approach are as follows:

1. Defining the investable universe

   The objective is to find Underlying Entities or managers with expertise, scale, proven track records and who can deliver consistent return over time for the expression of the Management Company's view. The Management Company may also express their view by investing in direct securities if there is a better opportunity than investing in Underlying Entities.

2. Optimising portfolio and allocation

   After conducting due diligence, Underlying Entities that meet the investment criteria of delivering consistent return will be selected. Depending on the market conditions and the phase of business cycle, different weights will be assigned to the Underlying Entities to express the Management Company's fundamental view. In addition, an overlay to the allocation will be implemented to ensure adequate diversification.

3. Portfolio review and rebalancing

   The portfolio will be rebalanced on a regular basis to ensure that the allocations are aligned with the view of the Management Company. A periodic review of the underlying holdings will be undertaken to ensure that they remain suited for the portfolio. Based on the reviews, the underlying holdings may be replaced from the portfolio, or the allocation to each underlying holding may be changed.

4. Use of derivatives

   Financial derivative instruments, such as forward contracts, futures contracts, options and swaps, may be used for the purposes of hedging existing positions, efficient portfolio management, optimising returns or a combination of such purposes.

5. Holdings in cash or near cash instruments

In the event of extreme market conditions or severe market stress or disruptions, or if there are no suitable investment opportunities for the portfolio at any time, the Target Fund may temporarily hold up to 40% of its assets in cash and/or cash deposits, money market instruments and/or short-term debt securities. A portion of the Target Fund's assets may also be retained in liquid investments or cash for liquidity purposes.

As at 6 March 2023, it is intended that the Target Fund invests primarily in Underlying Entities which are authorised under section 286 of the Securities and Futures Act 2001 or recognised under section 287 of the Securities and Futures Act 2001 by the Authority in Singapore. Such Underlying Entities may be domiciled in Singapore, or may be Undertaking for Collective Investment in Transferable Securities (UCITS) domiciled in Luxembourg, Ireland, France, Germany and United Kingdom, and may be managed by investment managers domiciled in, amongst other jurisdictions, Singapore, Luxembourg, Ireland, France, Germany, United Kingdom, U.S., Australia, Japan and Hong Kong. The Target Fund may from time to time invest in Underlying Entities domiciled in, or which are managed by investment managers domiciled in, jurisdictions other than those stated above.

Investment Restrictions

The investment guidelines and borrowing limits set out under Appendix 1 of the Code apply to the Target Fund.

For the purpose of investment in respect of the Target Fund, the Management Company of the Target Fund has confirmed the following:

(a) the Target Fund will not hold warrants except acquired through corporate action, restructuring or a related event. In any event warrants are held in the Target Fund, it will carry the right in respect of a security traded in or under the rules of an Eligible Market;

(b) the Target Fund will not invest in structured warrants;

(c) the Target Fund will not invest in direct real estate but will invest in REITs. In any event the Target Fund is investing in REITs, it will be kept to a maximum of 15% of the net asset value of the Target Fund for a single REIT;

(d) the Target Fund will not invest in physical commodities or physical commodities' ETF, but will invest in non-physical commodities related collective investment scheme which will be kept to a maximum of 20% of the net asset value of the Target Fund for a single collective investment scheme;

(e) the Target Fund will not invest in transferable security or money market instrument which embeds with financial derivative;

(f) the Target Fund currently does not intend to carry out securities lending or repurchase transactions;

(g) in any event that the single entity limit of transferable securities or money market instruments is allowed to raise above 10% of the net asset value of the Target Fund, the Target Fund will keep the single entity limit to a maximum of 15% of the net asset value of the Target Fund;

(h) the financial derivative instruments used by the Target Fund are only allowed for the purposes of hedging, efficient portfolio management, optimising returns or a combination of such purposes. The definition of efficient portfolio management is as defined in the Code. Proper policy and procedure is in place to monitor and manage the financial derivative instruments to ensure that the utilisation of financial derivative instruments comply with the requirements in the SC's Guidelines on Unit Trust Funds;

(i) the Target Fund's global exposure from derivatives position will not exceed the Target Fund's net asset value at all times;

(j) for OTC derivatives, the maximum exposure of the Target Fund to any single counterparty must not exceed 10% of the Target Fund's net asset value; and

(k) where the Target Fund invests into collective investment schemes, the Target Fund shall ensure that the collective investment scheme(s) complies with the SC's Guidelines on Unit Trust Funds requirements in relation to collective investment schemes such as providing the level of investor protection that is at least equivalent to that offered in Malaysia and that the rules on investments, borrowing and lending that apply to the collective investment scheme(s) are substantially similar to the requirements in the SC's Guidelines on Unit Trust Funds.

Authorised Investments

The authorised investments of the Target Fund ("Authorised Investments") are as follows:-

(i) any Quoted Investment[1] which is selected by the Management Company for the purpose of investment of the Deposited Property;

(ii) any Investment[2] in respect of which an application for listing or permission to deal has been made to a Recognised Market[3] and the subscription for or purchase of which is either conditional upon such listing or permission to deal being granted within a specified period not exceeding 12 weeks (or such other period as may be agreed between the Management Company and the trustee of the Target Fund) or in respect of which the Management Company is satisfied that the subscriptions or other transactions will be cancelled if the application is refused;

(iii) any Unquoted Investment[4] which is selected by the Management Company for the purpose of investment of the Deposited Property;

(iv) any Investment which is a unit in any unit trust scheme or a share or participation in an open-ended mutual fund or other collective investment scheme;

(v) the currency of any country or any contract for the spot purchase or sale of any such currency or any forward contract of such currency;

(vi) any Investment denominated in any currency;

(vii) any Investment which is a future, option, forward, swap, collar, floor or other derivative; and

(viii) any Investment which is not covered by sub-paragraphs (i) to (vii) above, as selected by the Management Company and approved by the trustee of the Target Fund in writing.

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[1] "**Quoted Investment**" means any Investment which is quoted, listed or dealt in on any Recognised Market.

[2] "**Investment**" means any share, stock, bond, note, debenture, debenture stock, loan, loan stock, certificates of deposit, commercial paper, promissory note, treasury bill, fixed or floating rate instrument, unit or sub-unit in any unit trust scheme, share or unit in any exchange traded fund, participation in a mutual fund, warrant, option or other stock purchase right, futures or any other security (as defined in the Securities and Futures Act) (all of the foregoing denominated in any currency) or any money market instrument or any other derivative which may be selected by the Investment Manager of the Target Fund for the purpose of investment of the Deposited Property or which may for the time being form part thereof.

[3] "**Recognised Market**" means, subject to the provisions of the Code, any stock exchange or over-the-counter or over-the-telephone market, any futures exchange and any organised securities market which is open to the public and on which securities are regularly traded, being in each case an exchange or market in any part of the world and in relation to any particular Investment includes any responsible firm, corporation or association in any country in the world so dealing in the Investment as to be expected generally to provide in the opinion of the Investment Manager of the Target Fund a satisfactory market for the Investment (subject to any applicable provisions under the Code) and is approved by the trustee of the Target Fund and in such case the Investment shall be deemed to be the subject of an effective permission to deal or be dealt in on the market deemed to be constituted by such firm, corporation or association.

[4] "**Unquoted Investment**" means any Investment which is not quoted, listed or dealt in on any Recognised Market.

2.3 General Authorised Investments and Guidelines

The Target Fund is subject to the investment guidelines and provisions set out under the Code. The following permissible investments, limits and restrictions in relation to the Target Fund are extracted from *Appendix 1* of the Code. Please note that the below extraction does not represent the entire Code.

A1 Permissible Investments

A1.1 The Target Fund's underlying investments may only consist of the following permissible investments:-
- a) transferable securities;
- b) money market instruments;
- c) eligible deposits;
- d) units in other schemes;
- e) financial derivatives; and
- f) shares or securities equivalent to shares that are not listed for quotation or quoted and have not been approved for listing for quotation or quotation on an organised exchange.

A1.2 For the purpose of paragraph A1.1,

a) "transferable securities" refer to:
- i) shares or securities equivalent to shares; and
- ii) bonds or other securitised debt instruments,

that meet the requirements of paragraph A1.3 but do not include:
- A) money market instruments; or
- B) any security the title to which cannot be transferred or can be transferred only with the consent of a third party.

b) "eligible deposits" refer to deposits with banks licensed under the Banking Act (Cap. 19), finance companies licensed under the Finance Companies Act (Cap. 108), merchant banks approved as financial institutions under section 28 of the Monetary Authority of Singapore Act (Cap. 186) or any other deposit-taking institution licensed under an equivalent law in a foreign jurisdiction.

<u>Requirements of transferable securities</u>

A1.3 Transferable securities should meet the following requirements:-
- a) the maximum potential loss which may be incurred as a result of the investment is limited to the amount paid for it;
- b) the investment is liquid;
- c) the investment is subject to reliable and verifiable valuation on a daily basis; and
- d) there is appropriate information available to the market on the investment or, where relevant, on the portfolio.

<u>Requirements on investments in other schemes</u>

A1.4 The Target Fund may invest in other schemes only if the underlying scheme is:
- a) an authorised or recognised scheme;
- b) a scheme which:
  - i) is constituted and regulated in a jurisdiction where the laws and practices afford to participants in Singapore protection at least equivalent to that afforded to participants of schemes which are wholly managed in Singapore;
  - ii) adheres to investment guidelines and borrowing limits which are substantially similar to those set out in the relevant Appendices of the Code; and
  - iii) has a manager that is reputable and supervised by an acceptable financial supervisory authority; or
- c) a scheme which is invested in permissible investments, commodities or real estate, meets the requirements set out in paragraph A1.3(a) to (d) and, for the purposes of this paragraph, the units in the scheme are listed for quotation and traded on an organised exchange.

A1.5 The Target Fund may feed substantially into an underlying fund-of-funds but the underlying fund-of-funds should invest in other schemes directly and not through another fund-of-funds.

Requirements of financial derivatives

A1.6 Financial derivatives should meet the following requirements:-

a) the underlying consists of instruments referred to in paragraph A1.1, commodities, indices which meets the requirements in *Appendix 5* of the Code: Index Funds, interest rates, foreign exchange rates or currencies. In the case of financial derivatives on commodities, such transactions should be settled in cash at all times. The manager should also undertake in the trust deed to settle such transactions in cash and disclose the fact in the prospectus;
b) the financial derivatives are liquid;
c) the financial derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value; and
d) the financial derivatives should not result in the delivery of investments other than those described in paragraph A1.1(a) to (f).

OTC financial derivatives

A1.7 In the case of OTC financial derivatives, reliable and verifiable valuation stated in paragraph A1.6(c) refers to:-

a) a valuation made by the manager based on a current market value; or
b) where such value is not available, a fair value based on an appropriate valuation model which is checked at an appropriate frequency by an independent party.

The valuation by the manager should not be based solely on a valuation provided by the counterparty to the transaction.

A2 Spread of Investments

Single entity limit and group limit

A2.1 The Target Fund should comply with the following limits:-

a) Investments in:
   i) transferable securities; or
   ii) money market instruments

issued by a single entity should not exceed 10% of the Target Fund's net asset value ("single entity limit").

b) Aggregate investments in, or exposures to, a group of entities through:
   i) transferable securities;
   ii) money market instruments;
   iii) eligible deposits; and
   iv) counterparty risk exposures arising from the use of OTC financial derivatives

should not exceed 20% of the Target Fund's net asset value ("group limit"). For the purposes of this paragraph, a group of entities refers to an entity, its subsidiaries, fellow subsidiaries and its holding company.

Short-term deposits

A2.2 The group limit does not apply to placements of eligible deposits arising from:

a) subscription monies received at any point in time pending the commencement of investment by the Target Fund; or
b) liquidation of investments prior to the termination or maturity of the Target Fund, where the placing of these monies with various institutions would not be in the interests of participants.

Government and other public debt securities / money market instruments

A2.3 The single entity limit of 10% may be raised to 35% of the Target Fund's net asset value where:-

a) the issuing entity or trust is, or the issue is guaranteed by, either a government, government agency or supranational, that has a minimum long-term rating of BBB by Fitch, Baa by Moody's or BBB by Standard and Poor's (including such sub-categories or gradations therein); and
b) except for schemes with a fixed maturity, not more than 20% of the Target Fund's net asset value may be invested in any single issue of transferable securities or money market instruments by the same entity or trust.

A2.4 If there is a downgrade in rating to that below the minimum rating as stated in paragraph A2.3(a), or if the rating agencies no longer rate the entity or the guarantor, the single entity limit should revert to 10%.

A2.5 The single entity limit of 10% does not apply where:-

a) the issuing entity or trust is, or the issue is guaranteed by, either a government, government agency or supranational, that has a minimum long-term rating of AA by Fitch, Aa by Moody's or AA by Standard and Poor's (including such sub-categories or gradations therein); and
b) except for schemes with a fixed maturity, not more than 20% of the Target Fund's net asset value may be invested in any single issue of transferable securities or money market instruments by the same entity or trust.

A2.6 If there is a downgrade in rating to that below the minimum rating as stated in paragraph A2.5(a), or if the rating agencies no longer rate the entity or the guarantor, the single entity limit as specified in paragraph A2.1(a) or A2.3, as the case may be, should apply accordingly.

<u>Investment in other schemes</u>

A2.7 The Target Fund may invest up to 100% of its net asset value in another scheme only if the underlying scheme satisfies paragraph A1.4(a) or (b).

A2.8 Investments in an underlying scheme which does not satisfy paragraph A1.4(a) or (b) but satisfies:

a) paragraph A1.4(c) and is invested in permissible investments or real estate should not exceed 10% of the Target Fund's net asset value; or
b) paragraph A1.4(c) and is invested directly in commodities is subject to the limit in paragraph A2.9.

<u>Alternative exposure limit</u>

A2.9 Investments in:

a) shares or securities equivalent to shares that are not listed for quotation or quoted, and have not been approved for listing for quotation or quotation, on an organised exchange;
b) debt securities which are undated, secured by physical commodities, listed for quotation and traded on an organised exchange; and
c) underlying schemes which do not satisfy paragraph A1.4(a) or (b) but satisfy paragraph A1.4(c) and are invested directly in commodities,

are subject to an aggregate limit of 10% of the Target Fund's net asset value.

<u>Concentration limit</u>

A2.10 The Target Fund should not invest in more than:-

a) 10% of the total outstanding shares, or securities equivalent to shares, of any single entity or trust; and
b) 10% of the money market instruments of a single issuing entity or trust.

A3 Global Exposure

A3.1 The global exposure of the Target Fund to financial derivatives or embedded financial derivatives should not exceed 100% of the Target Fund's net asset value at all times.

A3.2 The Management Company should calculate the global exposure of the Target Fund based on the:-

a) Commitment Approach; or
b) Value at Risk (VaR) Approach (including any other variants of the VaR Approach), subject to prior consultation with the Authority.

<u>Commitment Approach</u>

A3.3 The global exposure of the Target Fund is calculated as the sum of:-
a) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
b) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
c) the sum of the values of cash collateral received pursuant to:
   i) the reduction of exposure to counterparties of OTC financial derivatives; and
   ii) efficient portfolio management techniques relating to securities lending and repurchase transactions,

   and that are reinvested.

Netting arrangements

A3.4 Netting arrangements may be taken into account to reduce the Target Fund's exposure to financial derivatives.

A3.5 The Target Fund may net positions between:-
a) financial derivatives on the same underlying assets, even if the maturity dates are different; or
b) financial derivatives and the same corresponding underlying asset, if those underlying assets are transferable securities, money market instruments or units in other schemes.

Hedging arrangements

A3.6 Hedging arrangements may be taken into account to reduce the Target Fund's exposure to financial derivatives.

A3.7 The marked-to-market value of transferable securities, money market instruments or units in schemes involved in hedging arrangements may be taken into account to reduce the Target Fund's exposure to financial derivatives.

A3.8 For the purposes of paragraphs A3.6 and A3.7, the hedging arrangement should:-
a) not be aimed at generating a return;
b) result in an overall verifiable reduction of the risk of the Target Fund;
c) offset the general and specific risks linked to the underlying being hedged;
d) relate to the same asset class being hedged; and
e) be able to meet its hedging objective in all market conditions.

A3.9 Notwithstanding paragraph A3.8, financial derivatives used for the purposes of hedging currency exposure may be netted when calculating the global exposure.

Exposure arising from reinvestment of cash collateral

A3.10 The Target Fund which reinvests cash collateral received from counterparties of OTC financial derivatives, securities lending or repurchase transactions to generate a return in excess of high quality 3-month government bonds should include in its global exposure calculations the cash amount reinvested.

A4 Use of Financial Derivatives

<u>Spread of underlying assets</u>

A4.1 The exposure of the Target Fund to the underlying assets of financial derivatives should be sufficiently diversified on a portfolio basis.

A4.2 In the case where the underlying assets are:

a) transferable securities, money market instruments, eligible deposits or units in other schemes, the limits in section A2 above, except for the concentration limits, apply;
b) commodities, the limits in section 4 of *Appendix 5* of the Code: Index Funds apply; and
c) indices, paragraphs A4.2(a) and (b) apply to each constituent of the index, where applicable, on a portfolio basis.

<u>Exposure to financial derivatives – Commitment Approach</u>

A4.3 The exposure of the Target Fund to financial derivatives under the Commitment Approach in paragraph A3.3 is described below. Exposure is determined by converting the positions in financial derivatives into equivalent positions in the underlying assets.

Calculation methods

A4.4 Table 1 below sets out the methods for calculating the exposure of various financial derivatives under the Commitment Approach.

A4.5 The exposure to financial derivatives under the Commitment Approach should be converted into the base currency of the Target Fund by using the spot rate.

A4.6 Where a currency financial derivative has two legs that are not in the base currency of the Target Fund, the exposure to both legs should be accounted for under the Commitment Approach.

A4.7 For financial derivatives not covered in Table 1 below or where the methods do not provide an adequate and accurate assessment of the risks relating to the financial derivatives, the Management Company should inform and justify to the Authority of the alternative method applied.

A4.8 The calculation methodology of the alternative method referred to in paragraph A4.7 should be based on the market value of the equivalent position in the underlying asset, although the notional value or price of the financial derivative may be used if it is more conservative. Where a more conservative calculation is used, hedging and netting arrangements, as set out in paragraphs A3.4 to A3.9, should not be taken into account to reduce the exposure to the financial derivative involved if it results in an underestimation of the global exposure.

Table 1: Calculation Methods

Types of financial derivatives	**Method for calculating exposure**
Plain Vanilla Options (Include bought/sold puts and calls)	
Bond option	No. of contracts x face value x underlying price x delta
Currency option	Contract's notional value (of currency leg) x delta
Equity option	No. of contracts x no. of equity shares x underlying price x delta
Index option	No. of contracts x contract's notional value x index level x delta
Interest rate option	Contract's notional value x delta
Warrant and Rights	No. of shares/bonds x market value of underlying referenced asset x delta
Futures	
Bond future	No. of contracts x contract's notional value x market value of the future; or No. of contracts x contract's notional value x market price of the cheapest bond to deliver, adjusted by the conversion factor
Currency future	No. of contracts x contract's notional value
Equity future	No. of contracts x contract's notional value x market price of underlying equity share
Index future	No. of contracts x value of 1 point x index level

Interest rate future	No. of contracts x contract's notional value
Commodity future	No. of contracts x contract's notional value
Swaps	
Contract for differences	No. of shares/bonds x market value of underlying referenced instrument
Credit default swap	Protection buyer: market value of the underlying reference asset Protection seller: the higher of the market value of the underlying reference asset or the notional value of the credit default swap
Currency swap	Notional value of currency leg(s)
Interest rate swap	Market value of underlying; or Notional value of the fixed leg
Total return swap	Underlying market value of reference asset(s)
Forwards	
Forward rate agreement	Notional value
FX forward	Notional value of currency leg(s)

A5 Counterparty of Financial Derivatives

<u>OTC financial derivatives</u>

A5.1 The counterparty of an OTC financial derivative should be subject to prudential supervision by a financial supervisory authority in its home jurisdiction.

A5.2 Subject to the group limit in paragraph A2.1, the maximum exposure of the Target Fund to the counterparty of an OTC financial derivative may not exceed:

a) in the case of an eligible financial institution described in paragraph A5.3, 10% of the Target Fund's net asset value; or
b) in any other case, 5% of the Target Fund's net asset value

("counterparty limits").

A5.3 For the purpose of paragraph A5.2, an eligible financial institution should have a minimum long-term rating of A by Fitch Inc., A by Moody's Investors Service or A by Standard and Poor's (including sub- categories or gradations therein). Alternatively, where the financial institution is not rated, the Target Fund should have the benefit of a guarantee by an entity which has a long-term rating of A (including sub-categories or gradations therein).

A5.4 The exposure to a counterparty of an OTC financial derivative should be measured based on the maximum potential loss that may be incurred by the Target Fund if the counterparty defaults and not on the basis of the notional value of the OTC financial derivative.

<u>Exchange-traded financial derivatives</u>

A5.5 Financial derivatives which:

a) are transacted on an exchange where the clearing house performs a central counterparty role; and
b) have trades which are characterised by a daily marked-to-market valuation of the financial derivative positions and subject to at least daily margining,

would not be subject to the counterparty limits in paragraph A5.2.

A6 Borrowings

A6.1 The Target Fund may borrow, on a temporary basis, for the purposes of meeting redemptions and bridging requirements.

A6.2 The Target Fund may only borrow from banks licensed under the Banking Act (Cap. 19), finance companies licensed under the Finance Companies Act (Cap. 108), merchant banks approved as financial institutions under section 28 of the Monetary Authority of Singapore Act (Cap. 186) or any other deposit-taking institution licensed under an equivalent law in a foreign jurisdiction.

A6.3 The borrowing period should not exceed one month.

A6.4 Aggregate borrowings for the purposes of paragraph A6.1 should not exceed 10% of the Target Fund's net asset value at the time the borrowing is incurred.

2.4 Fees Charged by the Target Fund

Subscription Fee	Waived.
Realisation Fee	Nil.
Management Fee	Currently none. There will be no double charging of management fee.
Trustee Fee	Currently not more than 0.05% per annum of the net asset value of the Target Fund (Subject to a minimum of SGD5,000 per annum)
Administration fee	Currently 0.05% per annum.
Registrar and Transfer Agent Fee	The higher of SGD15,000 per annum or 0.125% per annum, subject to a maximum of SGD25,000 per annum.
Valuation and Accounting Fees	Currently 0.03% per annum of the net asset value of the Target Fund, subject to a maximum of 0.20% per annum.
Audit Fee, Custodian Fee, Transaction Costs and Other Fees and Charges	Subject to agreement with the relevant parties. Each of the fees and charges may amount to or exceed 0.1% per annum, depending on the proportion that each fee or charge bears to the net asset value of the Target Fund. Based on the audited accounts and the average net asset value of the Target Fund for the financial year ended 31 December 2021: • Audit fee: less than 0.1% • Custodian fee: less than 0.1% • Transaction costs: less than 0.1% • Other fees and charges: less than 0.1%

Note: Prospective investors should take note that although the Target Fund has waived the subscription fee and there will be no double charging of annual management fee, however, there are certain fees and expenses which will be charged by the Target Fund as mentioned above and investors will hence be subjected to higher fees and expenses indirectly.

2.5 Temporary Suspension or Suspension of Dealing

2.5.1 The Management Company or the trustee of the Target Fund may, with the prior written approval of the other, suspend the issue and realisation of units of the Target Fund or any class of the Target Fund during:-

(a) any period when the Recognised Market on which any of the Authorised Investments forming part of the Deposited Property of the Target Fund for the time being are listed, quoted or dealt in is closed (otherwise than for public holidays) or during which dealings are substantially restricted or suspended;

(b) the existence of any state of affairs which, in the opinion of the Management Company and the trustee of the Target Fund, might seriously prejudice the interests of the holders in relation to the Target Fund or class of the Target Fund as a whole or of the Deposited Property;

(c) any period when a state of emergency prevents a practicable disposal of such Authorised Investments by or on behalf of the trustee of the Target Fund;

(d) any breakdown in the means of communication normally employed in determining the price of any of such Authorised Investments, or the current price on the relevant Recognised Market, or when for any reason the prices of any of such Authorised Investments, or the amount of any liability of the trustee of the Target Fund and/or the Management Company for the account of the Target Fund, cannot be promptly and accurately ascertained (including any period when the fair value of a material portion of the Authorised Investments cannot be determined);

(e) any period when remittance of moneys which will or may be involved in the realisation of such Authorised Investments or in the payment for such Authorised Investments for the time being constituting the Deposited Property is not possible or cannot, in the opinion of the Management Company and the trustee of the Target Fund, be carried out at normal rates of exchange;

(f) upon the occurrence of any event causing the Management Company to liquidate a substantial percentage of the assets comprised in the Deposited Property (as determined in the Management Company's absolute discretion), or to terminate the Target Fund;

(g) any period whereby dealing of units of the Target Fund has to be suspended to effect the subdivision or consolidation of units;

(h) any period when the dealing of units of the Target Fund is suspended pursuant to any order or direction of the Authority or any judicial or governing authority of competent jurisdiction;

(i) any 48 hour period (or such longer period as may be agreed between the Management Company or the trustee of the Target Fund) prior to the date of any meeting of holders of the Target Fund or class of the Target Fund (or any adjourned meeting thereof);

(j) any period when the business operations of the Management Company or the trustee of the Target Fund in relation to the operation of the Target Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolutions, civil unrest, riots, strikes or acts of God;

(k) any period when dealings in any one or more Underlying Entity in which the Target Fund has invested a substantial portion of its assets are suspended or restricted; or

(l) exceptional circumstances, where the Management Company has determined that such suspension is in the best interest of the holders; or

(m) such other circumstances as may be required under the provisions of the Code.

2.5.2 Without prejudice to paragraph 2.5.1 above, the trustee of the Target Fund may, with the prior approval of the Authority, suspend the issue and realisation of units of the Target Fund or any class of the Target Fund if:-

(a) the Management Company goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the trustee of the Target Fund, such approval not to be unreasonably withheld or delayed);

(b) a receiver or trustee is appointed of the whole or of any substantial part of the Management Company's assets or undertaking; or

(c) the Management Company convenes a meeting of its creditors or make or propose to make any arrangement or composition with or any assignment for the benefit of its creditors.

2.5.3 The Management Company and/or the trustee of the Target Fund may from time to time also suspend the issue and/or realisation of units of the Target Fund in certain situations as set out in the deed of the Target Fund, including suspending the realisation of units of the Target Fund for such reasonable period as may be necessary to effect an orderly redemption of investments in accordance with Clause 16.8 of the deed of the Target Fund.

2.5.4 Any such suspension will take effect upon the declaration in writing thereof to the trustee of the Target Fund by the Management Company (or, as the case may be, to the Management Company by the trustee of the Target Fund) and will end as soon as practicable when the condition giving rise to the suspension no longer exists and no other condition under which such suspension is authorised under section 2.5 or the applicable provisions of the Target Fund's deed exists upon the declaration in writing thereof by the Management Company (or, as the case may be, the trustee of the Target Fund), and in any event, within such period as may be prescribed by the Code. The period of suspension may be extended in accordance with the Code. Subject to the provisions of the Code, any payment for any units realised before the commencement of any such suspension which has not been paid before the commencement thereof may, if the Management Company and the trustee of the Target Fund agree, be deferred until immediately after the end of such suspension.

2.6 Realisation of Units

Pricing basis:	Units are realised on a forward pricing basis.
Realisation price:	The realisation price per unit shall be ascertained by: • determining the net asset value as at the valuation point in relation to the dealing day on which the realisation request is received and accepted of the proportion of the Deposited Property of the Target Fund or class represented by one unit; and • truncating the resultant amount to 3 decimal places. The Management Company may use another method of determination or adjustment or number of decimal places with the approval of the trustee of the Target Fund. Any adjustments shall be retained by the Target Fund.
Deduction of Realisation Fee:	A realisation fee may be deducted from the gross realisation proceeds, and the net realisation proceeds will be paid to the holders.

Payment of net realisation proceeds:	The net realisation proceeds will normally be paid to holders within seven (7) business days after the relevant dealing day. There may be delays in cases where the realisation of units has been limited or suspended in accordance with the temporary suspension or suspension of dealing and limitation on realisation, as detailed in Section 2.5 and Section 2.7 respectively.
Other salient terms:	• Holders will bear all bank charges incurred for any telegraphic transfer of realisation proceeds to the designated bank account. • If the holders are resident outside Singapore, the Management Company will deduct from the holder's gross realisation proceeds any expenses actually incurred by the Management Company over the amount of expenses which the Management Company would have incurred if the holder had been resident in Singapore. • If the Management Company receives and accepts a realisation request for units before the trustee of the Target Fund receives the holder's subscription monies for such units, the Management Company may refuse to realise such units until the next dealing day after the dealing day on which the holder's subscription monies for such units are received by the trustee of the Target Fund. • Subject to the prior approval of the trustee of the Target Fund, the Management Company may change the method of determining the realisation price and the trustee of the Target Fund shall determine if the affected holders should be informed of such change.

2.7 Limitation on Realisation

The Management Company may, with the approval of the trustee of the Target Fund and subject to the provisions of the deed of the Target Fund, limit the total number of units to be realised by the holders or cancelled by the Management Company on any dealing day to 10% of the total number of units of the Target Fund or any class of the Target Fund then in issue. Such limitation will be applied proportionately to all holders who have validly requested realisations on such dealing day and to the Management Company.

Any units which are not realised or cancelled will be realised or cancelled on the next dealing day, provided that if the number of units to be realised or cancelled still exceeds such limit, the Management Company may continue to carry forward the realisation or cancellation requests in the same manner, until such time as the total number of units to be realised or cancelled on a dealing day falls within such limit. As a result, the Fund's redemption proceeds from the Target Fund may be delayed. Please refer to *Section 4.4 Redemption of Units* for the schedule of redemption proceeds for the respective Classes of Units.

If realisation requests are so carried forward and the holders of the Target Fund are affected, the Management Company will notify the holders within seven (7) business days. Realisation requests which have been carried forward from an earlier dealing day shall be dealt with in priority to later requests.

2.8 Compulsory Realisations

The Management Company has the right (in consultation with the trustee of the Target Fund) to compulsorily realise any holdings of units in the Target Fund held by:-

(a) any holder:-
  (i) whose subscription for or holding of units, in the opinion of the Management Company, is or may be in breach of any applicable law or regulation in any jurisdiction; or
  (ii) where such realisation is, in the opinion of the Management Company, necessary or desirable for the compliance of the Management Company or the Target Fund with any applicable law or regulation in any jurisdiction (including any regulatory exemption conditions); or

(b) any holder whose holdings, in the opinion of the Management Company:-
  (i) may cause the Target Fund to lose its authorised or registered status with any regulatory authority in any jurisdiction; or
  (ii) may cause the offer of the units of the Target Fund, the Target Fund, the prospectus of the Target Fund, the deed of the Target Fund, the Management Company or the trustee of the Target Fund to become subject to any authorisation, recognition, approval or registration requirements under any law or regulation in any other jurisdiction; or

(c) any holder whose holdings, in the opinion of the Management Company:-
  (i) may cause a detrimental effect on the tax status of the Target Fund in any jurisdiction or on the tax status of the holder of the Target Fund; or
  (ii) may result in the Target Fund or other holders of the Target Fund suffering any other legal or pecuniary or administrative disadvantage which the Target Fund or holders might not otherwise have incurred or suffered; or

(d) any holder who fails any anti-money laundering, anti-terrorist financing or know-your-client checks, or where information and/or documentary evidence requested by the Management Company and/or the trustee of the Target Fund for the purposes of any anti-money laundering, anti-terrorist financing or know-your-client checks cannot be obtained from the holder (or the holder has failed to provide the same) in a timely manner; or

(e) any holder, where information (including but not limited to information regarding tax status, identity or residency), self-certifications or documents as may be requested by the Management Company and/or the trustee of the Target Fund pursuant to laws, regulations, guidelines, directives or contractual obligations with other jurisdictions' authorities (including, without limitation, the FATCA and/or any Singapore laws, regulations, guidelines and directives implemented as part of any intergovernmental agreement entered into between the U.S. and Singapore in connection with FATCA) cannot be obtained from the holder, or the holder has failed to provide the same, in a timely manner; or

(f) any holder who does not consent, or withdraws his consent, for the Management Company or the trustee of the Target Fund to collect, use and/or disclose information or data relating to the holder, where (in the opinion of Management Company or the trustee of the Target Fund) such information or data is necessary or desirable for the Management Company, the trustee of the Target Fund, their respective related corporations and/or other service providers to perform their respective services and/or duties to or in respect of the Target Fund and/or the holder.

Any compulsory realisation under this paragraph may be carried out by the Management Company on any dealing day, with prior notice to the relevant holder, and shall be carried out in accordance with, and at the realisation price determined under, the applicable provisions on realisations in the deed of the Target Fund.

If the Management Company and/or the trustee of the Target Fund are required to account to any duly empowered fiscal authority of Singapore or elsewhere for any income or other taxes, charges or assessments whatsoever on the value of any units held by a holder, the Management Company (in consultation with the trustee of the Target Fund) shall be entitled, at any time with prior notice to that holder, to realise such number of units held by that holder as may be necessary to discharge the liability arising. The Management Company and/or the trustee of the Target Fund (as the case may be) shall be entitled to apply the proceeds of such realisation in payment, reimbursement and/or set-off against the liability.

The Management Company, the trustee of the Target Fund and their respective delegates, agents or associates shall not be liable for any loss (whether direct or consequential and including, without limitation, loss of profit or interest) or damage suffered by any holder or any party arising out of or caused in whole or in part by any actions which are taken by the Management Company, trustee of the Target Fund and/or any of their respective delegates, agents or associates under this *Section 2.8 Compulsory Realisations.*

CHAPTER 10: TAX ADVISER'S LETTER

28 April 2023

The Board of Directors
UOB Asset Management (Malaysia) Berhad
Level 20, UOB Plaza 1
7, Jalan Raja Laut
50350 Kuala Lumpur

Dear Sirs

United Income Fund MY [formerly known as ("f.k.a.") United Simple Income Select]
Taxation of the Fund and Unit Holders

1. This letter has been prepared for inclusion in the First Replacement Prospectus (hereinafter referred to as "the Prospectus") in connection with the offer of units in the United Income Fund MY (hereinafter referred to as "the Fund").

   The following is general information based on Malaysian tax law in force at the time of lodging the Prospectus with the Securities Commission Malaysia ("SC") and investors should be aware that the tax law may be changed at any time. To an extent, the application of tax law depends upon an investor's individual circumstances. The information provided below does not constitute tax advice. The Manager therefore recommends that an investor consult his accountant or tax adviser on questions about his individual tax position.

2. Taxation of the Fund

2.1 Income Tax

As the Fund's Trustee is resident in Malaysia, the Fund is regarded as resident in Malaysia. The taxation of the Fund is governed principally by Sections 61 and 63B of the Malaysian Income Tax Act, 1967 ("MITA").

Pursuant to the Section 2(7) of MITA, any reference to interest shall apply, mutatis mutandis, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah. The effect of this is that any gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah, will be accorded the same tax treatment as if they were interest.

The income of the Fund in respect of dividends, interest or profits from deposits and other investment income (other than income which is exempt from tax) derived from or accruing in Malaysia or received in Malaysia from outside Malaysia is liable to income tax. The Fund may be receiving income such as exit fee which will be subject to tax at the prevailing tax rate applicable on the Fund. Gains on disposal of investments by the Fund will not be subject to income tax.

The income tax rate applicable to the Fund is 24%.

Tax exempt interest as listed in the Appendix attached received by the Fund are not subject to income tax.

With effect from 1 January 2014, Malaysia has fully moved to a single-tier income tax system. The Fund is not liable to tax on any Malaysia sourced dividends paid, credited or distributed to the Fund under the single-tier tax system, where the company paying such dividend is not entitled to deduct tax under the MITA. The tax deductibility of other deductions by the Fund against such dividend income will be disregarded in ascertaining the chargeable income of the Fund.

In addition to the single-tier dividend that may be received by the Fund, the Fund may also receive Malaysian dividends which are tax exempt from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Fund is not subject to income tax on such tax exempt dividend income.

The Fund may also receive interest, dividends, profits and other income from investments derived from sources outside of Malaysia. Prior to 1 January 2022, income arising from sources outside Malaysia and received in Malaysia was exempted from Malaysian income tax pursuant to Paragraph 28 of Schedule 6 of the MITA. Effective from 1 January 2022, Paragraph 28 of Schedule 6 of the MITA was amended to only exempt a non-resident person from foreign sourced income received in Malaysia. Unit trusts funds with a trustee who is tax resident in Malaysia are considered tax residents of Malaysia and would not qualify for the exemption under the amended Paragraph 28 of Schedule 6 of the MITA.

The Ministry of Finance of Malaysia issued the gazette orders, Income Tax (Exemption) (No. 5) Order 2022 [P.U.(A) 234/2022] and Income Tax (Exemption) (No. 6) Order 2022 [P.U.(A) 235/2022] on 19 July 2022 which took effect from 1 January 2022. The orders grant exemption on foreign sourced income as follows:

- Dividend income received by companies and limited liability partnerships; and
- All types of foreign sourced income received by individuals, except for those carrying on a partnership business in Malaysia.

However, as the unit trust fund is not a “company”, “limited liability partnership” or “individual”, the above gazette orders do not apply to unit trust funds.

The income of the Fund which is received in Malaysia from outside Malaysia during the period from 1 January 2022 until 30 June 2022 is subject to the tax rate of 3% on gross foreign sourced income received in Malaysia. Foreign sourced income received in Malaysia from 1 July 2022 onwards will be taxed based on the prevailing income tax rate applicable to the Fund, i.e. 24%.

The foreign sourced income of the Fund may be subject to foreign tax in the country from which the income is derived. Pursuant to Schedule 7 of the MITA, where an income is chargeable to tax in Malaysia as well as in a foreign country, a relief shall be given by way of credit known as bilateral credit if the source country has a tax treaty with Malaysia where the foreign tax credit shall be set-off up to 100% of foreign tax suffered and unilateral credit if the source country does not have a tax treaty with Malaysia where the foreign tax credit shall be set-off up to 50% of foreign tax suffered.

The tax treatment of hedging instruments would depend on the particular hedging instruments entered into. Generally, any gain or loss relating to the principal portion will be treated as capital gain or loss. Gains or losses relating to the income portion would normally be treated as revenue gains or losses. The gain or loss on revaluation will only be taxed or claimed upon realisation. Any gain or loss on foreign exchange is treated as capital gain or loss if it arises from the revaluation of the principal portion of the investment.

Generally, income from distribution by the Malaysia Real Estate Investment Trusts (“REITs”) will be received net of withholding tax of 10%. No further tax will be payable by the Fund on the distribution. Distribution from such income by the Fund will also not be subject to further tax in the hands of the Unit Holders.

Expenses being manager's remuneration, maintenance of register of Unit Holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage, which are not allowed under the general deduction rules, qualify for a special deduction, subject to a minimum of 10% and a maximum of 25% of such expenses pursuant to Section 63B of the MITA.

2.2 Gains on Disposal of Investments

Gains on disposal of investments by the Fund will not be subject to income tax but where the investments represent shares in real property companies, such gains may be subject to Real Property Gains Tax ("RPGT") under the RPGT Act, 1976. A real property company is a controlled company which owns or acquires real properties or shares in real property companies with a market value of not less than 75% of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 persons.

2.3 Service Tax

The issuance of units by the Fund to investors will not be subject to Service Tax. Any distributions made by the Fund to Unit Holders are also not subject to Service Tax. The Fund would not be required to pay Service Tax on the acquisition of fund management services from the Fund Manager.

To the extent that the Fund invests in any financial services products (e.g. securities, derivatives, units in a fund or unit trust), the acquisition of these interests will also not be subject to Service Tax.

If the Fund acquires any imported taxable services from a service provider outside of Malaysia, these services would be subject to 6% Service Tax. The Fund would be required to file an SST-02A return on an ad hoc basis and report and pay this amount of tax to the Royal Malaysian Customs Department.

3. Taxation of Unit Holders

3.1 Taxable Distribution

Unit Holders will be taxed on an amount equivalent to their share of the total taxable income of the Fund to the extent such income is distributed to them. Unit Holders are also liable to pay income tax on the taxable income distributions paid by the Fund. Taxable income distributions carry a tax credit in respect of the tax chargeable on that part of the Fund. Unit Holders will be subject to tax on an amount equal to the net taxable income distribution plus attributable underlying tax paid by the Fund. No withholding tax will be imposed on the income distribution of the Fund.

Income distributed to Unit Holders is generally taxable as follows in Malaysia :-

Unit Holders	**Malaysian Tax Rates for Year of Assessment 2022**	**Malaysian Tax Rates for Year of Assessment 2023 (*)**
Malaysian tax residents:		

▪ Individual and non-corporate Unit Holders ▪ Co-operative societies ▪ Trust bodies	▪ Progressive tax rates ranging from 0% to 28% ▪ Progressive tax rates ranging from 0% to 24% ▪ 24%	▪ Progressive tax rates ranging from 0% to 28% ▪ Progressive tax rates ranging from 0% to 24% ▪ 24%
▪ Corporate Unit Holders		
i. A company with paid up capital in respect of ordinary shares of not more than RM2.5 million where the paid up capital in respect of ordinary shares of other companies within the same group as such company is not more than RM2.5 million (at the beginning of the basis period for a year of assessment) and having gross income from source or sources consisting of a business of not more than RM50 million for the basis period of a year assessment	▪ 17% for every first RM600,000 of chargeable income ▪ 24% for chargeable income in excess of RM600,000	▪ 15% for every first RM150,000 of chargeable income ▪ 17% for chargeable income of- RM150,001 to RM600,000 ▪ 24% for chargeable income in excess of RM600,001
ii. Companies other than those in (i) above	▪ 24% ▪ 33% for chargeable income in excess of RM100,000,000 for the year of assessment 2022 only	▪ 24%
Non-Malaysian tax residents:		
▪ Individual and non-corporate Unit Holders	▪ 30%	▪ 30%
▪ Co-operative societies	▪ 24%	▪ 24%

* Finance Bill 2023.

The tax credit that is attributable to the income distributed to the Unit Holders will be available for set off against tax payable by the Unit Holders. There is no withholding tax on taxable distributions made to non-resident Unit Holders.

Non-resident Unit Holders may also be subject to tax in their respective jurisdictions and depending on the provisions of the relevant tax legislation and any double tax treaties with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdictions.

3.2 Withholding Tax on Distribution from Retail Money Market Fund ("RMMF") to Unit Holders

Distribution of income of a unit trust fund that is a RMMF to its Unit Holders (other than the distribution of interest income to non-individual Unit Holders) is exempted from tax in the hands of the Unit Holders. Non-individual Unit Holders will be chargeable to tax on the income distributed to the Unit Holder from the interest income of a RMMF exempted under Paragraph 35A of Schedule 6 of the MITA with effect from 1 January 2022 as follows:-

Types of Unit Holders	Malaysian Tax Rates for Year of Assessment 2022	Malaysian Tax Rates for Year of Assessment 2023 (*)
Non-individual residents:		
▪ Withholding tax rate	▪ 24%	▪ 24%
▪ Withholding tax mechanism	▪ Income distribution carries a tax credit, which can be utilised to set off against the tax payable by the Unit Holders	▪ Income distribution carries a tax credit, which can be utilised to set off against the tax payable by the Unit Holders
▪ Due date of payment	▪ The withholding tax is to be remitted to the Director General of Malaysian Inland Revenue within one month of the distribution of interest income	▪ The withholding tax is to be remitted to the Director General of Malaysian Inland Revenue within one month of the distribution of interest income
Non-individual non-residents:		
▪ Withholding tax rate	▪ 24%	▪ 24%
▪ Withholding tax mechanism	▪ Withholding tax deducted will be regarded as a final tax	▪ Withholding tax deducted will be regarded as a final tax
▪ Due date of payment	▪ The withholding tax is to be remitted to the Director General of Malaysian Inland Revenue within one month of	The withholding tax is to be remitted to the Director General of Malaysian Inland Revenue within one month of

	the distribution of interest income	the distribution of interest income

* Finance Bill 2023.

As the Fund is not a RMMF, the above withholding tax on distribution of interest income that is exempted under Paragraph 35A of Schedule 6 of the MITA will not be applicable to the non-individual Unit Holders of the Fund.

3.3 Tax Exempt Distribution

Tax exempt distributions made out of gains from realisation of investments and other exempt income earned by the Fund will not be subject to Malaysian tax in the hands of Unit Holders, whether individual or corporate, resident or non-resident. All Unit Holders do not pay tax on that portion of their income distribution from the Fund's distribution equalisation account.

3.4 Distribution Voucher

To help complete a Unit Holder's tax returns, the Manager will send to each Unit Holder a distribution voucher as and when distributions are made. This sets out the various components of the income distributed and the amount of attributable income tax already paid by the Fund.

3.5 Sale, Transfer or Redemption of Units

Any gains realised by a Unit Holder on the sale, transfer or redemption of his units are generally tax-free capital gains unless the Unit Holder is an insurance company, a financial institution or a person trading or dealing in securities. Generally, the gains realised by these categories of Unit Holders constitute business income on which tax is chargeable. Unit Holders should consult their respective tax advisors based on their own tax profiles to determine whether the gain from sale, transfer or redemption of units would qualify as capital gains or trading gains.

3.6 Reinvestment of Distribution

Unit Holders who receive their income distribution by way of investment in the form of the purchase of new units will be deemed to have received their income distribution after tax and reinvested that amount in the Fund.

3.7 Unit Splits

Unit splits issued by the Fund are not taxable in the hands of the Unit Holders.

3.8 Service Tax

Pursuant to the Lampiran A of the First Schedule of the Service Tax Regulations 2018 ("First Schedule"), only taxable services listed in the First Schedule are subject to service tax. This excludes any investment income or gains received by the Unit Holder as such income and gains are not prescribed taxable services.

The legal fees, consultant fees and management fees may be subject to service tax at 6% if the service providers are registered for Services Tax. Effective from 1 January 2019, the imposition and scope of service tax has been widened to include any imported taxable service.

We hereby confirm that the statements made in this tax adviser letter correctly reflect our understanding and the interpretation of the current Malaysian tax legislations and the related interpretation and practice thereof, all of which may subject to change. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Fund.

Yours faithfully

Mark Chan Keat Jin
Executive Director
Deloitte Tax Services Sdn Bhd

Appendix

Tax Exempt Income of Unit Trusts

1. Interest or discount paid or credited to any individual, unit trust and listed closed-end fund in respect of the following will be exempt from tax: -

   - Securities or bonds issued or guaranteed by the Government; or
   - Debentures or sukuk, other than convertible loan stock, approved or authorized by, or lodged with, the SC; or
   - Bon Simpanan Malaysia issued by the Central Bank of Malaysia.

2. Income of a unit trust in respect of interest derived from Malaysia and paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 (“FSA”) or the Islamic Financial Services Act 2013 (“IFSA”) or any development financial institution regulated under the Development Financial Institutions Act 2002 (“DFIA”).

   Provided that the exemption shall not apply to the interest paid or credited to a unit trust that is a wholesale fund which is a money market fund.

3. Interest in respect of any savings certificates issued by the Government.

4. Interest paid or credited to any person in respect of Sukuk originating from Malaysia, other than convertible loan stock, issued in any currency other than RM and approved or authorized by, or lodged with, the SC or approved by the Labuan Financial Services Authority.

5. Interest received in respect of bonds and securities issued by Pengurusan Danaharta Nasional Berhad within and outside Malaysia.

6. Interest income derived from bonds (other than convertible loan stocks) paid or credited by any company listed in Malaysia Exchange of Securities Dealing and Automated Quotation Berhad (“MESDAQ”) (now known as Bursa Malaysia Securities Berhad ACE Market).

7. Income derived from the Sukuk Issue which has been issued by the Malaysia Global Sukuk Inc.

8. Discount or profit received from the sale of bonds or securities issued by Pengurusan Danaharta Nasional Berhad or Danaharta Urus Sendirian Berhad within and outside Malaysia.

9. Income derived from the Sukuk Ijarah, other than convertible loan stock, issued in any currency by 1Malaysia Sukuk Global Berhad.

10. Gain or profit received from the investment in Islamic securities, other than convertible loan stock, which are issued in accordance with the principles of *Mudharabah, Musyarakah, Ijarah, Istisna'* or any other principle approved by the Shariah Advisory Council established by the SC under the Capital Markets and Services Act 2007.

11. Gains or profits in lieu of interest, derived from the Sukuk Wakala in accordance with the principle of *Al-Wakala Bil Istithmar*, other than a convertible loan stock, issued in any currency by Wakala Global Sukuk Berhad.

12. Income derived from Sukuk Kijang is exempted from the payment of income tax pursuant to Income Tax (Exemption) (No. 10) Order 2013. For the purpose of this order, "Sukuk Kijang" means the Islamic Securities of nominal value of up to two hundred and fifty million United States dollars (USD$250,000,000) issued or to be issued in accordance with the Shariah principle of Ijarah by BNM Kijang Berhad.

13. Gains or profits derived, in lieu of interest, derived from the Sukuk Wakala with the nominal value up to one billion and five hundred million United States Dollar (USD1,500,000,000.00) in accordance with the principle of *Wakala Bil Istithmar*, other than a convertible loan stock, issued by the Malaysia Sovereign Sukuk Berhad.

14. Gains or profits derived, in lieu of interest from the Sukuk Wakala with the nominal value up to one billion and five hundred million United States Dollar (US$1,500,000,000.00) in accordance with the principle of *Wakala*, other than a convertible loan stock, issued by the Malaysia Sukuk Global Berhad (formerly known as 1Malaysia Sukuk Global Berhad).

15. Income received by the Fund from Malaysia Building Society Berhad ("MBSB").