

An application was made to the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 September 2021 for permission to list and deal in and quote the Shares of the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF, a sub-fund (the "Sub-Fund") of the Nikko AM Asia Limited VCC (the "Company") which may be issued from time to time. Such permission has been granted by the SGX-ST and the Sub-Fund has been admitted to the Official List of the SGX-ST. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Sub-Fund, its Shares, the Company or the manager of the Sub-Fund. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus or any of the reports referred to in this Prospectus. Acceptance of applications for the Shares of the Sub-Fund is conditional upon the issue of the Shares of the Sub-Fund and permission being granted to list them on the SGX-ST. If such permission is not granted, the subscription amounts received will be returned to you (without any interest).

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

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**NIKKO AM ASIA LIMITED VCC**

*a Singapore variable capital company with the following sub-fund authorised under  
Section 286 of the Securities and Futures Act 2001*

**NIKKOAM-STRAITSTRADING MSCI CHINA ELECTRIC VEHICLES AND FUTURE MOBILITY ETF**

**PROSPECTUS REQUIRED PURSUANT TO DIVISION 2  
OF PART XIII OF THE SECURITIES AND FUTURES ACT 2001**

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**MANAGER**

**NIKKO ASSET MANAGEMENT ASIA LIMITED**

## DIRECTORY

### THE COMPANY

Nikko AM Asia Limited VCC  
(Company Registration No. T21VC0223L)  
12 Marina View  
#18-02, Asia Square Tower 2  
Singapore 018961

### MANAGER

Nikko Asset Management Asia Limited  
(Company Registration No. 198202562H)  
12 Marina View  
#18-02, Asia Square Tower 2  
Singapore 018961

### CUSTODIAN

DBS Trustee Limited  
(Company Registration No. 197502043G)  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

### AUDITORS

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

### DIRECTORS OF THE COMPANY

Phillip Yeo Phuay Lik  
Yan Ying Ying  
Lee Ken Hoon

### INVESTMENT ADVISOR

(in respect of the NikkoAM-StraitsTrading MSCI  
China Electric Vehicles and Future Mobility ETF)

Straits Investment Management Pte. Ltd.  
(Company Registration No. 201903974H)  
1 Wallich Street, #15-01 Guoco Tower  
Singapore 078881

### FUND ADMINISTRATOR AND REGISTRAR

DBS Bank Limited  
(Company Registration No. 196800306E)  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

### SOLICITORS TO THE COMPANY

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

## NIKKO AM ASIA LIMITED VCC

### IMPORTANT INFORMATION

This Prospectus describes and offers for sale in Singapore shares ("**Shares**") in the Sub-Fund(s) under the Nikko AM Asia Limited VCC (the "**Company**"), a variable capital company incorporated in Singapore on 18 October 2021 with variable capital and limited liability. You should be aware of certain risks relating to an investment in the Sub-Fund(s). See the section entitled "Risks" as described in paragraphs 45 and 46 of this Prospectus.

The Shares of the Sub-Fund(s) have been listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Shares are traded on the SGX-ST at market prices throughout the trading day. Market prices for Shares may, however, be different from their net asset value ("**NAV**"). Listing for quotation of the Shares on the SGX-ST does not guarantee a liquid market for the Shares.

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

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and may only be used in connection with the offering of Shares as contemplated herein.

The Shares may not be directly or indirectly offered or sold in the United States of America or any of its states, territories, possessions or other areas subject to its jurisdiction (the "**United States**") or for the benefit of a United States resident.

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

You should seek professional advice to ascertain (a) the possible tax consequences, especially in connection with the receipt of any distributions intended to be made by the Sub-Fund(s), (b) the legal requirements which may be relevant to the subscription, holding or disposal of Shares and (c) any foreign exchange restrictions or exchange control requirements which you may encounter under the laws of the country of your citizenship, residence or domicile and which may be relevant to the subscription, holding or disposal of Shares.

You should direct all enquiries about the Sub-Fund(s) to the Company.

## Personal Data Protection

You consent and acknowledge that any personal data provided to the Company, the Manager, the Custodian, the Registrar and/or such other appointed representatives, agents and/or service providers of the Company, the Manager and/or each of their affiliates and related corporations (as defined under Section 6 of the Singapore Companies Act 1967 (“**Companies Act**”)) (“**Recipients**”, each a “**Recipient**”) whether directly or through appointed agents or Participating Dealers or otherwise collected by a Recipient or on behalf of a Recipient (by any person including but not limited to the Central Depository (Pte.) Limited) in connection with the subscription for Shares, including any personal data relating to third party individuals (e.g. your beneficial owners, directors or authorised signatories, if you are not an individual) (such personal data, “**Data**”) may be collected, used and disclosed by a Recipient for the following purposes: (i) updating and maintaining the register of Members; (ii) processing instructions from you or persons acting on your behalf or processing your trades or those of persons acting on your behalf; (iii) complying with any applicable rules, laws or regulations, regulatory policies, guidelines or industry codes, orders, directions or requests issued by any court, legal or regulatory bodies (whether in Singapore or otherwise) including rules and regulations relating to anti-money laundering and countering the financing of terrorism and the carrying out of audit checks, surveillance and investigation; (iv) preventing, detecting and investigating crime, offence or unlawful activity including but not limited to fraud, money-laundering, terrorist financing and bribery, and analysing and managing commercial risks; (v) complying with any applicable treaty or agreement with or between Singapore and a foreign jurisdiction; (vi) fulfilling a judgment or order of court or of any other tribunal within Singapore and in an applicable foreign jurisdiction; (vii) providing client-related services, including providing customer support, responding to queries or feedback given by you or persons acting on your behalf, and generating, communicating with and disseminating notices, reports, correspondence, statements, invoices, confirmations and advices to you or persons acting on your behalf; (viii) verifying your identity or the identity of persons acting on your behalf; (ix) reviewing and approving your account(s), and the conduct of initial and anticipatory credit checks and assessments, relevant checks, ongoing assessment and verification of ongoing credit-worthiness and standing; (x) legal claims, actions or proceedings including but not limited to drafting and reviewing documents, obtaining legal advice and facilitating dispute resolution or exercising or enforcing the rights of a Recipient under contract or pursuant to applicable laws and regulations; (xi) administering, operating, processing or managing the Shares or the Sub-Fund(s); (xii) meeting or complying with the Recipient’s internal policies and procedures; (xiii) handling feedback, queries or complaints; (xiv) maintaining the security of the Recipient’s premises including but not limited to the use of forms of surveillance such as security cameras; (xv) facilitating any proposed or actual business assignment, transfer, participation or sub-participation in any of the Recipient’s rights or obligations in respect of your relationship with the Recipient; (xvi) all purposes reasonably related to one or more of the foregoing; and (xvii) conducting general administration in relation to the foregoing. Where you provide personal data relating to third party individuals to a Recipient, you warrant that the prior consent of such third party individual, which will allow a Recipient to collect, use and disclose that personal data in the manner and for the purposes described above, has been obtained, and you consent and acknowledge to all such collection, use and disclosure on behalf of that third party individual. You shall, upon request from any Recipient, promptly provide a copy of the document(s) containing or evidencing such prior consent obtained from such third party individual.

You consent and acknowledge that Data may be disclosed and transferred to the following parties, in Singapore or in a foreign jurisdiction, for the purposes set out above: (i) any person or entity including government authorities, regulatory bodies, courts and tribunals to whom a Recipient is under an obligation to make disclosure pursuant to any domestic or foreign legal process, legal obligation or regulatory obligation; (ii) related corporations of the Company, the Manager, the Custodian or the Registrar; and (iii) any agent, contractor or third party service provider who provides administrative, mailing, data processing, business process, human resource, information technology or other services to a Recipient in connection with the operation of the business of a Recipient or the administration and operation of the Sub-Fund(s).

You may, after consenting to the collection, use and disclosure of your Data, withdraw your consent by giving notice in writing to the Company, whether directly or through its appointed agents or the Participating Dealers. You should note that the Company could deem a notice of withdrawal of consent submitted by you, or by any third party individuals whose personal data you have provided to the Recipients (e.g. your beneficial owners, directors or authorised signatories, if you are not an individual), to be a request for redemption of all Shares held by you for cash.

You undertake to ensure that all information provided to the Recipient is true, accurate and complete and that changes to any such information shall be notified to the Recipient in a timely manner.

### **Foreign Account Tax Compliance**

Treasury Regulations adopted in the United States to implement FATCA (“**US FATCA Regulations**”) and intergovernmental agreements entered into by the United States and many other countries to implement FATCA reporting and exchange of information in those countries (each, an “**IGA**”) provide the means by which non-US financial institutions (“**FIs**”) meet their obligations to report account information with respect to US persons and certain non-US entities owned by US persons. FIs that comply with the requirements of the FATCA Regulations or the IGA in effect in their home jurisdictions, as applicable, will avoid US FATCA withholding taxes on relevant payments originating in the US. Failure to comply with the US FATCA Regulations or an applicable IGA can result in withholding tax on payments, liability with respect to taxes that should have been withheld, and additional penalties under both US law and the laws of the FI’s home jurisdiction. Wilful failure to comply can result in criminal penalties.

You acknowledge that you shall notify the Company immediately in writing if you are a US Person or if you have subscribed for or hold any Shares in a Sub-Fund on behalf of any US Person. You shall further notify the Company not later than thirty (30) days of any change under FATCA or any laws or regulations that affects your tax status or the tax status of any US Person on whose behalf you have subscribed for or hold any Shares.

You represent and warrant that you have provided or shall provide to the Company all documentation or other information required for compliance with FATCA and in connection with any change in tax status and shall otherwise provide all required documentation (including the completion of any FATCA related forms and documents) and other information not later than seven (7) days of any request in writing by the Company.

You acknowledge that if you fail to provide accurate and timely information, the Company has the right to deem you recalcitrant and/or reportable and shall be entitled to take all necessary action(s) against you to be compliant with requirements under FATCA, including but not limited to any local legislation enacted in connection with FATCA as the same may be modified, amended, supplemented, re-enacted or re-constituted from time to time. You should note that the Company may compulsorily redeem all or any of your Shares in any of the circumstances set out in paragraph 125 of this Prospectus.

You consent to the collection, storage, and disclosure of any confidential information including personal data to persons to whom payments are made or from whom payments are received for your account and to governmental authorities as required by laws and regulations or other agreement by or between governments pursuant to FATCA. You represent that you have secured from any third party whose information may be provided to the Company all necessary consents and/or waivers to permit the Company to carry out the actions required pursuant to FATCA, and that you shall secure such consents and waivers prior to furnishing such information to the Company.

You acknowledge that the Company is entitled to take all necessary action determined by the Company to be and remain compliant with FATCA as is required by law or other agreement by or between governments. You authorise the Company to withhold or otherwise deduct from any payment any

required tax or other government assessment, including but not limited to any requirement to withhold or deduct an amount pursuant to FATCA.

The Company shall have the right to determine and carry out any action which it considers to be appropriate to meet any obligations or requirements, whether in Singapore or elsewhere, for the purpose of the prevention of tax evasion. Such actions may include, but shall not be limited to, investigating and intercepting payments into and out of your account(s) (particularly in the case of international transfer of funds), investigating the source of or intended recipient of funds, sharing information and documents with any tax or regulatory authorities and withholding income from your account(s) and transferring it to such tax authorities. If there is any doubt as to whether a payment in or out of your account is lawful, the Company reserves the right to cease all dealings with you in relation to such account.

For the purposes of this section relating to foreign account tax compliance, the following words and expressions shall have the following meanings:

**"FATCA"** means sections 1471 through 1474 of the United States Internal Revenue Code and any regulations and other guidance issued in connection thereto or any other agreement entered into with or between authorities and governments arising out of or in connection with FATCA or the implementation thereof, as each may be modified, amended, supplemented, re-enacted or re-constituted from time to time.

**"US Person"** means a United States citizen or resident individual, a partnership or corporation organised in the United States or under the laws of the United States or any state of the United States, or a trust if (i) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more US Persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States. This definition shall be interpreted in accordance with the United States Internal Revenue Code. Please note that persons who have lost their United States citizenship and who live outside the United States may nonetheless in some circumstances be treated as US Persons.

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

The Common Reporting Standard ("**CRS**") is an internationally agreed standard for the automatic exchange of financial account information between jurisdictions for tax purposes, to better combat tax evasion and ensure tax compliance. CRS has been implemented in Singapore via Part 20B of the Income Tax Act 1947, read together with the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016 (collectively the "**CRS Regulations**"). Singapore has been exchanging financial account information with jurisdictions where Singapore has a competent authority agreement (also known as "**partner jurisdictions**") since September 2018.

The CRS Regulations require a Singapore financial institution that is a Reporting Financial Institution (as defined in the CRS Regulations, and referred to in this paragraph as an "**SGFI**") to identify and determine the tax residences of all its account-holders, and in some cases, the controlling persons of an account holder. The SGFI is required to report to the Inland Revenue Authority of Singapore ("**IRAS**") on an annual basis, the particulars and account information of its account holders, and where applicable the particulars of the controlling persons, that are tax residents of partner jurisdictions. The IRAS will in turn transmit the financial account information of such account holders and controlling persons to the respective tax authorities of the partner jurisdictions in which such persons are tax resident pursuant to the terms of the applicable competent authority agreement.

Accordingly, the Company will require you to provide, amongst other things, information in relation to your identity and tax residence(s) of your account(s) (and the controlling persons, if any), including tax

identification numbers, FATCA and CRS classification status and any additional documentation or information. Where applicable, the information you provided, and the financial account information of your account will be reported to the IRAS and transmitted to the other relevant tax authorities for purposes of complying with FATCA, the CRS Regulations and any similar automatic exchange of tax information regimes.

You acknowledge that the Company may take such action and/or pursue all remedies at their disposal (including, without limitation, rejection of any application for Shares or withholding of redemption proceeds) as they consider necessary to secure payment of withholding tax or penalties incurred by the Sub-Fund due to your refusal to provide the requisite information regarding your tax status, identity, tax residency or other information. Any related tax, costs, interest, penalties and other losses and liabilities suffered by the Sub-Fund and Company or any agent, delegate, employee, director, officer, manager, member or affiliate of any Shareholder pursuant to CRS and/or FATCA, arising from your failure to provide the requested information to the Sub-Fund (whether or not such failure actually leads to compliance failures by the Sub-Fund and the Company, or a risk of the Sub-Fund and the Company or the Shareholder being subject to withholding tax) shall be economically borne by you.

No Shareholder affected by any such action or remedy shall have any claim against the Sub-Fund and Company for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Sub-Fund in order to comply with CRS, including the IGA, any Competent Authority Agreement (“**CAA**”), the FATCA regulations and the CRS regulations.

In case of cross-border mergers of FIs, the Company may be required to collect additional information from you to comply with the applicable laws or regulations. Please note that exchange of information to the tax authorities subsequent to merger may be different from the exchange of information pre-merger.

You should consult your professional advisers on the possible tax and other consequences with respect to the implementation of FATCA and CRS.

## **WARNING**

The Sub-Fund may only be offered to professional investors in Hong Kong and is not authorized by the Securities and Futures Commission. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents, you should obtain independent professional advice.

## OVERVIEW OF THE NIKKO AM ASIA LIMITED VCC

*The meanings of terms not defined in this section can be found in other sections of this Prospectus or in the Constitution.*

### **NIKKO AM ASIA LIMITED VCC (THE COMPANY)**

The Company is an umbrella variable capital company incorporated in Singapore. The Company currently has 1 Sub-Fund established under it, namely the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF. The Sub-Fund is a collective investment scheme authorised under Section 286 of the Securities and Futures Act.

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

The investment objective, focus and approach of each Sub-Fund is set out in the relevant Appendix.

### **LISTING ON THE SGX-ST**

An application has been made to the SGX-ST for permission to list and deal in and quote the Shares and the Sub-Fund has received approval for its admission to the Official List of the SGX-ST. A listing on the SGX-ST is intended to provide benefits to investors not available in unlisted collective investment schemes. Unlike conventional unit trusts or funds offered to the public in Singapore which are typically bought and sold only at closing NAV (which is unknown at the time of dealing), the Sub-Fund's Shares will be tradable on the SGX-ST throughout the trading day. Shares will be quoted and traded on the SGX-ST in board lots of 1 Share.

Shares will be transacted on the SGX-ST on a willing-buyer-willing-seller basis, and the trading in the Shares will be in accordance with SGX-ST's rules and guidelines governing the clearing and settlement of trades in securities.

If you acquire Shares directly from a Participating Dealer, you may request the Participating Dealer to apply to the CDP for your Shares to be entered against your name in the depository register in accordance with the CDP's terms and conditions for the entering of off-market acquisitions of securities in its records.

### **TRADING PRICE OF SHARES INTENDED TO CLOSELY REFLECT NAV PER SHARE**

You should note that the Sub-Fund(s) is not like a conventional unit trust or fund offered to the public in Singapore in that the creation and redemption of Shares with the Company are effected by or through Participating Dealers for the account of investors and/or for their own account and may either be made (i) in-kind in Creation Units or Redemption Units sizes, or (ii) in cash for a Minimum Subscription Amount or Minimum Redemption Amount, at each Cash Dealing Day's NAV. If you wish to purchase or sell less than the Minimum Subscription Amount or Minimum Redemption Amount, you will have to acquire or dispose of your Shares through trading on the SGX-ST.

These features are (i) different from the features of conventional unit trusts or funds where units or shares can be purchased and redeemed by the investors for cash from the manager or the company on each dealing day in comparatively smaller multiples of units or shares and (ii) designed to protect investors from the adverse effects which arise from frequent cash subscription and redemption



transactions that affect the NAV of conventional unit trusts or funds and to help to keep the trading price of the Shares close to the NAV of the Shares.

## **THE MANAGER**

The Manager, Nikko Asset Management Asia Limited, has been appointed by the Company to be the manager of the Sub-Fund(s). The Manager is part of the Nikko Asset Management group<sup>1</sup>, a leading independent Asian investment management franchise. The Manager has managed collective investment schemes or discretionary funds in Singapore since 1982.

## **THE CUSTODIAN**

The Company has appointed DBS Trustee Limited as the Custodian of the Company. The Custodian is an approved trustee under the SFA.

## **CREATION AND REDEMPTION PROCEDURES**

Shares bought or sold on the SGX-ST will be transacted on a willing-buyer-willing-seller basis. It is expected that most of the trading activity in the Shares is expected to occur on the SGX-ST. You may buy or sell Shares on the SGX-ST through brokers in the same way as how you may buy or sell shares in companies listed on the SGX-ST.

Shares that are bought on the SGX-ST must be paid for with cash or SRS monies.

### ***Cash Subscription and Redemption***

On every Cash Dealing Day, you may apply to the Registrar through the Participating Dealers for the creation and issue of a Minimum Subscription Amount of Shares, by paying cash. The Subscription Price for Shares shall be determined in the manner described in paragraph 52 of this Prospectus.

Your request for subscription of Shares must reach the Registrar through the Participating Dealers on or before the Dealing Deadline for the Cash Dealing Day (i.e. 12 noon (Singapore time) or such other time as the Company may determine with prior notification to the Shareholders). If the request for subscription of Shares is received and accepted by the Registrar after the Dealing Deadline, it shall be deemed to be received and accepted by the Registrar on or before the Dealing Deadline for the next Cash Dealing Day.

A request for redemption of Shares to be settled in cash shall be for a Minimum Redemption Amount. The Redemption Price for Shares shall be determined in the manner described in paragraph 71 of this Prospectus. A request for redemption of Shares must reach the Registrar through the Participating Dealers on or before the Dealing Deadline for the Cash Dealing Day. If the request for redemption of Shares is received and accepted by the Registrar after the Dealing Deadline, it shall be deemed to be received and accepted by the Registrar on or before the Dealing Deadline for the next Cash Dealing Day.

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<sup>1</sup> Nikko Asset Management group consists of Nikko Asset Management Co., Ltd. and its subsidiaries.

### ***In-Kind Creation and Redemption***

The Company has the absolute discretion to accept requests for the creation and issue of Shares and redemption of Shares in-kind. You may apply for the creation and issue of Shares directly from the Sub-Fund(s) by requesting the Participating Dealers to apply to the Registrar on your behalf for the creation and issue of Shares on any Dealing Day by tendering Index Securities and (if representative sampling is adopted) non-Index Securities comprising a Deposit Basket (or multiples thereof) as approved by the Company, plus or minus a cash payment as determined by the Company. Shares may only be created and issued in-kind in a Creation Unit size unless otherwise waived by the Company at its discretion. Requests for the creation and issue of Shares in-kind may be made by or through Participating Dealers only. Creation Requests received from the Participating Dealers and accepted by the Company on or before the Dealing Deadline on each Dealing Day (i.e. 5.30 pm (Singapore time) or such other time as the Company may determine with prior notification to the Shareholders) will be processed at that Dealing Day's Subscription Price as calculated in accordance with paragraph 58 of this Prospectus. Creation Requests received from the Participating Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Registrar on or before the Dealing Deadline for the next Dealing Day.

If you hold a Redemption Unit, you may request the Participating Dealers to apply to the Registrar on your behalf for the redemption of Shares for the underlying Index Securities and (if representative sampling is adopted) non-Index Securities comprising a Redemption Basket as approved by the Company, plus or minus a cash payment as determined by the Company. Shares may only be redeemed in-kind in a Redemption Unit size. Requests for redemption of Shares in-kind may be made by or through Participating Dealers only. Redemption Requests received from the Participating Dealers and accepted by the Company on or before the Dealing Deadline on each Dealing Day will be processed at that Dealing Day's Redemption Price as calculated in accordance with paragraph 78 of this Prospectus. Redemption Requests received from the Participating Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Registrar on or before the Dealing Deadline for the next Dealing Day.

### **RISKS OF INVESTING IN THE SUB-FUND(S)**

**You should note that there are risks involved in investing in the Shares of the Sub-Fund(s). You should carefully consider the risk factors described in paragraphs 45 and 46 of this Prospectus and the relevant Appendix of each Sub-Fund together with all of the other information included in this Prospectus before deciding whether to invest in the Shares.**

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

Some or all of the principal risks described in this Prospectus may adversely affect the Sub-Fund's NAV, the Share's Subscription Price, Redemption Price, trading price, yield, total return and/or the ability of the Sub-Fund(s) to meet its investment objective.

## **CLEARANCE AND SETTLEMENT**

### **Introduction**

The Shares are listed, quoted and traded on the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for the Shares will comprise 1 Share.

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

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

It is expected that the Shares will be credited into the Securities Accounts of applicants for the Shares within two (2) Market Days after the closing date for applications for the Shares.

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

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

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

Shares credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Shares credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a transfer fee payable to CDP. All persons trading in the Shares through the SGX-ST should ensure that the relevant Shares have been credited into their Securities Account, prior to trading in such Shares, since no assurance is given that the Shares can be credited into the Securities Account in time for settlement following a dealing. If the Shares have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

### **Clearing Fees**

When dealing on the SGX-ST, you will typically not bear any costs related to the creation and redemption of Shares. However, you will need to pay brokers' commissions, clearing fees and other costs associated with dealing on the SGX-ST. These amounts are subject to your individual agreement with, and are paid directly by you to, your broker, the CDP and your other service providers.

Dealings in the Shares will be carried out in SGD and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the second Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. You may open a direct account with CDP or a sub-account with any CDP

depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

### **Dual Currency Trading**

Please refer to paragraph 23 for more details on the Classes and the relevant Appendix for more information on each Sub-Fund's trading currency(ies) on the SGX-ST.

**PROSPECTUS REQUIRED PURSUANT TO DIVISION 2  
OF PART XIII OF THE SECURITIES AND FUTURES ACT 2001**

The NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF offered in this Prospectus is an authorised scheme under the Securities and Futures Act. A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the Sub-Fund. The meanings of various terms and expressions used in this Prospectus which are not defined in this Prospectus can be found in the Constitution of the Company.

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## I BASIC INFORMATION

1. The Company is an open-ended umbrella variable capital company incorporated in Singapore on 18 October 2021 under the Variable Capital Companies Act 2018 (the “**Act**”), with the company registration number T21VC0223L. It is constituted by way of its Constitution with its registered address at 12 Marina View, #18-02, Asia Square Tower 2, Singapore 018961. The Company comprises separate and distinct sub-funds, each having its own investment objective, strategy and focus as set out in the relevant Appendix. A copy of the Constitution may be inspected at the registered office address of the Company during business hours (subject to such reasonable restrictions as the Company may impose). Unless specifically defined herein, all defined terms used in this Prospectus shall have the same meaning as used in the Constitution.

The Company currently offers one sub-fund, i.e. the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF (the “**Sub-Fund**”). The Sub-Fund is an authorised collective investment scheme offered pursuant to this Prospectus. In the future, the Company may by Board Resolutions establish new sub-funds with different investment objectives and strategies within the Company. All assets and liabilities attributable to each Sub-Fund shall be segregated from the assets and liabilities of any other Sub-Fund(s), and shall not be used for the purpose of, or borne by the assets of, any other Sub-Fund.

2. The Company will issue two different types of shares, namely the Management Shares and the Participating Shares. The Management Shares will be issued in respect of the Company only while the Participating Shares will be issued to investors in respect of each Sub-Fund. Each Management Share and Participating Share carries one vote in respect of the matters set out below at any general meeting of the Company.

Management Shares shall carry the following rights:-

- (1) notice, attendance and voting rights: the holder of a Management Share shall (in respect of such share) have the right to receive notice of, attend at and vote as a Member at, any general meeting of the Company (including the right to vote on a scheme of arrangement, merger, reconstruction, amalgamation or winding up);
- (2) right to financial statements: the holder of a Management Share shall have the right, in accordance with the Act, to receive a copy of the financial statements (or consolidated financial statements and balance sheet, as the case may be) of the Company in its capacity as a person entitled to receive notice of general meetings;
- (3) redemption and repurchase rights: Management Shares are redeemable and repurchasable at the option of the Company in accordance with the Constitution and are not redeemable at the option of the holders of such Management Shares in accordance with the Constitution and as set out in this Prospectus, save that no Management Shares may be redeemed or repurchased if there shall be less than one Management Share in issuance after such redemption and repurchase;
- (4) economic participation: Management Shares shall not be entitled to any share of the profits of the Company or any proceeds of realisation of the assets of the Company. A holder of Management Shares will only be entitled to the return of capital paid up and the Management Shares on the liquidation of the Company in accordance with the

order of priority set out in the Constitution and may not be redeemed or repurchased for an amount greater than the amount paid up on the Management Shares; and

- (5) such other rights in accordance with the Constitution and as set out in this Prospectus. For the avoidance of doubt, where the Company comprises one or more Sub-Funds, the Management Shares carry the rights and restrictions described in sub-paragraphs (1) to (4) above for each of the Sub-Funds.

Participating Shares shall carry the following rights —

- (1) voting rights: the holder of a Participating Share shall (in respect of such share) not have the right to vote as a Member at any general meeting of the Company (including any vote on a scheme of arrangement, merger, reconstruction or amalgamation), except on a variation of rights or an amendment of the Constitution or an alteration of capital as set out in the Constitution or in relation to the matters set out in paragraphs 2A and 2B below;
- (2) notice, attendance and requisition rights: the holder of a Participating Share shall have the right to receive notice of, attend and speak at any general meeting of the Company and shall have the right to convene a general meeting on requisition in accordance with the Constitution and the Act;
- (3) right to financial statements: the holder of a Participating Share shall have the right, in accordance with the Act, to receive a copy of the financial statements (or consolidated financial statements and balance sheets, as the case may be) of the Company, in his/its capacity as a person entitled to receive notice of general meetings;
- (4) redemption and repurchase rights: Participating Shares are redeemable and repurchasable at the option of the Company in accordance with the Constitution and shall be redeemable at the option of the holders of such Participating Shares in accordance with the Constitution and as set out in this Prospectus;
- (5) economic participation: the distributable proceeds and profits earned by the Company from holding or disposal of investments and any surplus assets available for distribution to the holders of Participating Shares in the event of liquidation shall be divided among the Members in accordance with the order of priority set out in the Constitution; and
- (6) such other rights in accordance with the Constitution and as set out in this Prospectus. For the avoidance of doubt, where the Company comprises one or more Sub-Funds, each Sub-Fund shall issue Participating Shares that participate in the Sub-Fund Asset and Sub-Fund Liability of such Sub-Fund only, and the Participating Shares carry the rights described in sub-paragraphs (1) to (5) above for that Sub-Fund only.

You should note that the Sub-Fund(s) is not like a conventional unit trust or fund offered to the public in Singapore. The Shares of a Sub-Fund are listed on the SGX-ST and trade like any other security listed on the SGX-ST. Only Participating Dealers may purchase or redeem Shares directly from the Sub-Fund at the Net Asset Value. All other investors may purchase and sell Shares in the Sub-Fund(s) on the SGX-ST or through a Participating Dealer, subject to such terms and conditions as may be imposed by the Participating Dealer.



- 2A. Without prejudice to the powers conferred on the Board or onto the Manager by the Board, the holders of Management Shares and Participating Shares shall have the right to vote as a Member at any general meeting of the Company to sanction such matters as may be proposed by the Board by Special Resolution.
- 2B. Without prejudice to the powers conferred on the Board or onto the Manager by the Board, the holders of Management Shares and Participating Shares of the Company or a Sub-Fund or a Class (as the case may be) shall have the right to vote as a Member at a general meeting of the Company or such Sub-Fund or Class (as the case may be) on the following matters and by Special Resolution:
- (1) to sanction any alteration or amendment to the Constitution, except for the matters set out in regulation 53 of the Constitution which do not require the approval of Members;
  - (2) to sanction any increase in the maximum permitted limit or any change in the structure of the fees paid by the Sub-Fund to any Service Provider;
  - (3) to sanction any alteration to the investment objective or strategy of the Sub-Fund;
  - (4) to remove the Auditors, except as provided for in regulation 151 of the Constitution;
  - (5) to sanction any appointment of another corporation to act as the manager of the Company in the event that the Manager shall be removed or its appointment shall otherwise terminate;
  - (6) to wind-up the Company or Sub-Fund or any Class (as the case may be) and to approve the acts of the liquidator under regulation 174 of the Constitution, except for the circumstances set out in this Prospectus giving the Directors the absolute discretion to terminate or wind-up the Company or Sub-Fund or any Class (as the case may be) by notice in writing to the Shareholders;
  - (7) to permit other types of fees, costs and expenses which may be paid by the Company or Sub-Fund or Class (as the case may be) under regulation 45A of the Constitution; and
  - (8) to sanction such other matters as may be proposed by the Board in relation to such Sub-Fund.
3. The date of registration of this Prospectus by the Authority is 19 September 2024. This Prospectus shall be valid for 12 months after the date of registration (i.e., up to and including 18 September 2025) and shall expire on 19 September 2025.
4. You may obtain the latest annual and semi-annual reports, annual and semi-annual accounts and the auditors' report on the annual accounts of the Company, once available, from the Company's registered office.

## II MANAGEMENT AND ADMINISTRATION

### 5. Directors of the Company

The Directors are responsible for the overall management and control of the Company and each Sub-Fund in accordance with the Constitution. In executing these responsibilities, the Directors are bound by the duties imposed by the Act as well as any other duties mandated by common law. The list of present and past directorships of the Directors over the last 5 years is set out in Appendix II of this Prospectus.

The Directors will review the operations and investment performance of the Company and each Sub-Fund at regular meetings. For this purpose, the Directors will receive periodic reports from the Manager detailing the performance of the Company and each Sub-Fund and providing analysis of each Sub-Fund's investment portfolio. The Manager will provide such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

The names, descriptions and addresses of all the Directors of the Company are as follows:

(a) **Phillip Yeo Phuay Lik**

Mr Yeo, of 12 Marina View, #18-02, Asia Square Tower 2, Singapore 018961, is a Director of the Company.

Mr Yeo is the Joint Global Head of ETF Business at Nikko Asset Management Group. He oversees the overall health and growth of the organisation's ETF business globally. Between 2014 and 2022, Mr Yeo grew Nikko Asset Management Group's suite of SGX-listed ETFs, during which the AUM grew over 5-fold to SGD 3 billion. In 2019, he launched Nikko Asset Management Group's maiden ETF on the Hong Kong stock exchange. Nikko Asset Management Group's overall ETF business exceeds over USD 100 billion in assets under management.

Mr Yeo also heads international product development at Nikko Asset Management Group where he oversees product units that administer the entire Nikko Asset Management Group suite of fund products domiciled outside Japan – including funds in Luxembourg, the Cayman Islands, Mauritius, Hong Kong, Singapore and Australia. He has been with Nikko Asset Management Group for approximately 15 years, and brings with him over 25 years of experience in the investment and banking sector including venture capital, private equity investment, equities portfolio management, equities research, corporate M&As and corporate banking.

Mr Yeo graduated from Nanyang Technological University in Singapore with honours in Business (Investment and Finance). He has a Master of Business Administration from The Imperial College in London, UK. Mr Yeo is also a Chartered Financial Analyst® with the CFA Institute and a Chartered Accountant with ISCA. Currently, Mr Yeo also sits on the board of Nikko AM Luxembourg S.A. He serves on the Development Committee at the Investment Management Association of Singapore (IMAS).

(b) **Yan Ying Ying**

Ms Yan, of 12 Marina View, #18-02, Asia Square Tower 2, Singapore 018961, is a Director of the Company.

Ms Yan is the Head of Products, Asia ex Japan at the Manager. She oversees the Product Development and Management team that administers the Manager's suite of fund products domiciled in Singapore and Hong Kong. Ms Yan brings with her over 20 years of experience in the financial industry including the broking and banking sectors. Prior to joining Nikko Asset Management Asia Limited, Ms Yan was with HSBC Securities Services Singapore as a Senior Vice President in Sales and Business Development. She was responsible for the execution of sales strategies and collaboration with their Global Banking and Markets team on business opportunities.

Ms Yan graduated from National University of Singapore with a Bachelor of Arts. She has a Master of Business Administration from Macquarie Graduate School of Management, Sydney, Australia.

(c) **Lee Ken Hoon** (independent director)

Ms Lee, of 12 Marina View, #18-02, Asia Square Tower 2, Singapore 018961, is an Independent Director of the Company.

Ms Lee has more than 30 years of experience in audit and the financial services industry, including 8 years in fund management. She started her career in audit and subsequently worked for various local and foreign financial institutions, with extensive experience in finance, middle office and back office operations. From 2010 to 2018 she was the chief operating officer and a director of Phillip Capital Management (S) Ltd, the funds management arm of Phillip Capital Group, where she was responsible for overseeing its funds operations, including the launch of its first ETF on the SGX.

Ms Lee graduated with a degree in Accountancy from the National University of Singapore and is a Chartered Accountant of Singapore.

6. Manager

6A Nikko Asset Management Asia Limited (Company Registration No.: 198202562H) has been appointed as the Manager to manage and invest the assets of the Company and each Sub-Fund of the Company. The Manager's registered address and business address is at 12 Marina View, #18-02, Asia Square Tower 2, Singapore 018961. The Manager is licensed and regulated by the Authority. The Manager was incorporated on 11 July 1982 in Singapore. The Manager is part of the Nikko Asset Management group. As at 31 December 2022, the paid-up share capital of the Manager is S\$29,000,000. The Manager has managed collective investment schemes or discretionary funds in Singapore since 1982.

6B. General Responsibilities of the Manager

The Manager has general powers of management over the assets of the Company and/or the Sub-Fund(s). Under the terms of the Management Agreement entered into between the Company and the Manager, the Manager will use its best endeavours to carry on and conduct its business in a proper and efficient manner and will ensure that each Sub-Fund is carried on and conducted in a proper and efficient manner.

Under the provisions of the Management Agreement, the Manager shall not be liable for any loss to the Company, howsoever arising, in the absence of negligence, wilful default or fraud.

Without prejudice to their general powers of delegations, the Directors of the Company may delegate to the Manager such of the Directors' powers, duties, discretions, and/or functions upon such terms, conditions and restrictions and with such powers of sub-delegation as the Directors may determine Provided That the Manager retains overall responsibility for fund management duties in accordance with the Act and this Prospectus. Such delegation may authorise the Manager to, without limitation, negotiate, sign and perform any agreement or do any act for and on behalf of the Company or any particular Sub-Fund, as if such agreement had been entered into by the Company or Sub-Fund itself, including instructing any Service Provider on any matter relating to the agreements entered into between the Company (or the Manager on behalf of the Company) and such Service Provider.

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

The Manager may delegate any of its functions, powers and duties under the Management Agreement (including, without limitation, functions, power and duties connected with the management of the Sub-Fund(s) and the exercise of discretion in relation to any investments) to any person subject to the terms of the Management Agreement. Except to the extent otherwise agreed with the Company, the Manager shall be responsible for the costs of any such delegation including, without limitation, any fees and expenses of the delegate.

The Company may terminate the Management Agreement:

- (a) if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms notified in writing to the Company two (2) months before the effective date of the liquidation) or shall be adjudged a bankrupt or insolvent or appoints a liquidator or if a judicial manager or a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or the Manager is the subject of any analogous proceedings or procedure in each case under the law of Singapore or such other law as may be applicable in the circumstances;
- (b) following a material breach of the Manager's obligations under the Management Agreement which, if the breach is capable of remedy, the Manager fails to remedy within 30 days of being specifically required in writing so to do by the Company, and the Company is of the opinion and so states in writing to the Manager that a change of Manager is desirable in the interests of Shareholders; or
- (c) if the Authority directs the Company to remove the Manager.

The Management Agreement shall continue and remain in force unless and until terminated by either the Company or the Manager, as the case may be, by giving to the other party not less than 90 days' prior written notice. The Company may terminate the appointment of the Manager in accordance with the Management Agreement and these matters do not require and are not subject to the approval of the holders of Participating Shares. Nonetheless, should the Directors

fail to terminate the appointment of the Manager, the Company may still do so in accordance with the Management Agreement by way of the holders of Participating Shares requisitioning a general meeting of the Company and passing a Special Resolution in accordance with the Constitution and the Act. Approval of the holders of Participating Shares by Special Resolution is also necessary in order for the Company to appoint another corporation to act as the manager of the Company in the event that the Manager shall be removed or its appointment shall otherwise terminate.

6C. It is also intended that the Manager shall have the power to retire in favour of some other person selected by the Manager and approved by the Company to be suitably qualified and eligible to be the manager of the Sub-Fund(s) and who is acceptable to the Authority, by giving three months' prior notice in writing to that effect to the Company.

7. The other investment funds managed by the Manager include, but are not limited to, the following:

- (i) Nikko AM Shenton Japan Fund
- (ii) Nikko AM Shenton Thrift Fund
- (iii) Nikko AM Shenton Income Fund
- (iv) Nikko AM Shenton Asia Pacific Fund
- (v) Nikko AM Global Green Bond Fund
- (vi) Nikko AM Shenton Emerging Enterprise Discovery Fund
- (vii) Nikko AM Shenton Horizon Investment Funds
- (viii) Nikko AM Asia Umbrella Funds
- (ix) Nikko AM Asia Investment Funds
- (x) Nikko AM Shenton Short Term Bond Funds
- (xi) ABF Singapore Bond Index Fund
- (xii) Nikko AM Singapore STI ETF
- (xiii) Nikko AM Japan Dividend Equity Fund
- (xiv) Nikko AM Asia High Yield Bond Fund
- (xv) MSIG Asian Bond Fund
- (xvi) Nikko AM Global Multi Asset Conservative Fund
- (xvii) Nikko AM Asia Healthcare Fund
- (xviii) Nikko AM China Onshore Fund Series
- (xix) Nikko AM ASEAN Equity Fund
- (xx) NikkoAM-StraitsTrading Asia ex Japan REIT ETF
- (xxi) Nikko AM Asia Limited Investment Fund Series
- (xxii) Nikko AM SGD Investment Grade Corporate Bond ETF
- (xxiii) NikkoAM-ICBCSG China Bond ETF
- (xxiv) Nikko AM Dynamic Bond Fund
- (xxv) Nikko AM Asia Fund Series

8. The names, descriptions and addresses of all the directors of the Manager are as follows:

- (a) Seet Oon Hui Eleanor, of 12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961.

Eleanor joined the Manager in 2011 as the President and as an executive director of the Manager. She is also the Head of Asia ex-Japan at the Manager and is responsible for driving the growth of the Manager in the region. Additionally, she leads in the management of Nikko Asset Management group's joint venture relationships in China and Malaysia and is a board member of AHAM Asset Management Berhad. Eleanor is a pioneer in the asset management industry with over 20 years of experience.

Prior to joining the Manager, Eleanor led the distribution efforts for iShares concentrating on the wealth management segments across Asia ex-Japan. Previously, she spent 12 years at AllianceBernstein, where she was responsible for building and developing the firm's distribution channels and business. In that capacity, she was responsible for the overall strategy and execution of the firm's product offerings in South East Asia via intermediaries.

Eleanor graduated with a Bachelor of Economics from the University of New South Wales, Sydney. In 2017, she was conferred the IBF Fellow distinction by the Institute of Banking and Finance Singapore.

Eleanor is also a director of Nikko Asset Management Hong Kong Limited, Nikko Asset Management International Limited, Nikko Asset Management (Mauritius) Ltd and AHAM Asset Management Berhad. Eleanor is also an independent director of Pegasus Asia.

- (b) Yutaka Nishida, of Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo, 107-6242, Japan.

Yutaka Nishida joined Nikko Asset Management in April 2020 as a Non-Executive Director, before becoming a Director and Executive Vice Chairman in June 2021, and Executive Chairman since April 2022. He works closely with the President in the supervision and execution of all aspects of the business.

In 1984, Nishida joined The Sumitomo Trust and Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Ltd.) and his career spans key senior roles at Sumitomo Mitsui Trust Bank and Sumitomo Mitsui Trust Holdings Inc. He gained extensive international experience as Head of New York Unit, Global Markets and later Regional Executive for Europe and General Manager of London Branch. In 2012, he was named an Executive Officer of Sumitomo Mitsui Trust Bank and rose through the ranks eventually to 2017 as Director and Senior Managing Executive Officer. Meanwhile at Sumitomo Mitsui Trust Holdings, he was appointed Executive Officer in 2013, and held senior roles until becoming a Director and Senior Managing Representative Executive Officer in 2019. During this time, he was mainly responsible for overseeing key administrative functions of risk management, fiduciary risk management, legal and compliance.

Nishida graduated from the School of Law at Kyoto University in March 1984.

- (c) Hiroshi Yoh, of 12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961.

Hiroshi Yoh joined Nikko Asset Management in November 2022 as Executive Corporate Officer, Chief Investment Officer and Global Head of Investment. He is responsible for directing all of the firm's investment management activities globally.

With 35 years of experience in the asset management industry, Yoh has served in offices throughout Asia of major global and Japanese players, where he held key roles including Chief Executive Officer ("CEO"), CIO, Portfolio Manager and Strategist. Prior to joining Nikko Asset Management, he was President of Franklin Templeton Japan Co., Ltd., and CEO and CIO of Tokio Marine Asset Management International. As a portfolio manager, Yoh has managed Japanese equity, Asia equity, global emerging market equity, Asia multi-asset balanced funds, as well as private equity and hedge funds. Most recently, he was CIO at Asset Management One in Singapore since December 2019.

In December 2021, Yoh was named as one of 25 Leaders in the Asian asset

management industry over last 25 years for his outstanding contributions, according to industry publication Asia Asset Management.

He earned a Master of Economics, with a major in International Trade and Finance from the Graduate School of Business Administration and Political Science at Tsukuba University in 1989, and completed the Advanced Management Program at Harvard Business School in 2010. He is also a Chartered Member of the Securities Analysts Association of Japan (CMA).

- (d) Allen Yan, of Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo, 107-6242, Japan.

Allen Yan is Executive Corporate Officer and Chief Financial Officer, Global Head of Finance and Head of Finance Division, responsible for all financial accounting and capital management throughout the firm globally. He also serves as Global Head of Strategic Planning, and oversees all strategic activities. He has held his current roles since April 2023, and is based in Tokyo.

Yan first joined Nikko Asset Management in May 2006 as General Manager, Analysis and Budgeting Department. In March 2008, he became Head of Strategy & Financial Planning Department. Then in April 2011, he was seconded to the joint venture company Rongtong Fund Management Co., Ltd. headquartered in Shenzhen, China, as Executive Deputy CEO. In May 2013, with the founding of Rongtong's subsidiary in Hong Kong Rongtong Global Investment Limited, he took on the additional role as its CEO. He returned to Nikko Asset Management in January 2023 as an Executive Corporate Officer and Chief Financial Officer.

Prior to joining Nikko Asset Management, Yan joined the New Business Development Group at Fidelity Investments in Boston in 2000 and later transferred to Fidelity Investments Japan in 2001. There, he was in the finance division, responsible for business planning and financial analysis for Fidelity Investments Japan and subsequently Fidelity Investments Asia.

He earned his BA in Economics at the University of Chicago and his Master of Commerce and Management at Hitotsubashi University in Japan. He holds the designation of Chartered Financial Analyst (CFA).

9. The principal officer of the Manager and a key executive of the Manager in relation to the Sub-Fund(s) is Seet Oon Hui Eleanor (whose description may be found in paragraph 8(a) of this Prospectus).
10. The other key executives of the Manager in relation to the Sub-Fund(s) are Lai Yeu Huan, Peter Monson and Mohammed Zaidi (whose descriptions are set out below).
- (i) NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF

#### Lai Yeu Huan

Yeu Huan is Joint Head of Asian Equity at Nikko Asset Management based in Singapore. Along with Peter Monson, he is responsible for overseeing the investment process and performance, and strategic direction of the Asia ex-Japan Equity team of Nikko AM, based in Singapore and Hong Kong.

In addition, Yeu Huan's portfolio responsibilities include Singapore, ASEAN and Real Estate portfolios. Prior to his current appointment, Yeu Huan was Senior Portfolio Manager and before that, the Head of Equity Research for Nikko AM Asia responsible for a team of equity analysts

and the equity research process of the firm.

Yeu Huan has more than 25 years' experience in portfolio management and bottom-up equity research. Prior to Nikko AM Asia, he headed the equity research team at DBS Asset Management, which he joined in 2008. Before that, he covered the Asian real estate sector at Lion Global Investors and Standard & Poor's. Prior to that, Yeu Huan was a sell-side analyst covering Singapore banks and other sectors.

Before joining the financial sector, Yeu Huan worked at the Port of Singapore Authority, in various functions including port operations, logistics, and real estate. He obtained a degree in Economics with Honours from the London School of Economics in 1992, under the Port of Singapore Authority scholarship programme. Yeu Huan is a Chartered Financial Analyst® Charterholder.

#### Peter Monson

Peter is Joint Head of Asian Equity at Nikko Asset Management based in Singapore. Along with Lai Yeu Huan, he is responsible for overseeing the investment process and performance, and strategic direction of the Asia ex-Japan Equity team of Nikko AM, based in Singapore and Hong Kong.

In addition, Peter co-manages the regional equity portfolios and has direct Asian and Emerging Market equity experience dating back to 2007. He joined the firm from Treasury Asia Asset Management (TAAM) which was acquired by Nikko AM in 2013.

A specialist in financial stocks across Asia and global emerging markets, Peter has more than 15 years of experience in the fund management industry. He relocated from London to Singapore to join TAAM in June 2012 as a senior investment analyst covering Asian financial stocks.

Peter started his career in 2007, at Aviva Investors London where he worked as an investment analyst on the Global Emerging Market Equity team. His primary coverage was emerging market financial stocks and currencies.

Peter holds a Bachelor of Aeronautical Engineering degree (1st Class Honours) from the University of Bristol and is a Chartered Financial Analyst® charterholder.

The principal portfolio manager of the Sub-Fund is Mohammed Zaidi.

#### Mohammed Zaidi

Mohammed Zaidi is an investment director at Nikko Asset Management in Singapore. In his role as Director of Research, he is responsible for managing the Asian and emerging markets equity research. He also oversees the development of the Global Emerging Markets equity franchise.

Mohammed has been in the asset management industry since 1997 as a buy-side investor. He has deep expertise in emerging markets, particularly emerging Asia. In all his roles, he has been actively involved in sales and marketing efforts. Prior to joining Nikko AM, Mohammed was Head of Asian Equities and Head of Research at Principal Global Investors (PGI) in London and Singapore (where he was CIO Asian Equities) and oversaw a team of analysts. There, he co-managed US\$8 billion in emerging and Asian equity markets. Before PGI, Mohammed held fund manager roles at Martin Currie from 2010 to 2012 and Scottish Widows Investment Partnership (SWIP) from 2006. During this time, he was based in Edinburgh, United Kingdom.



At the start of his career in asset management, Mohammed worked in New York as an analyst at VZB Capital – a hedge fund – before moving to manage long-only funds at Lexington Global Investors. Following the sale of Lexington to ING in 2000, Mohammed joined PGI as a senior analyst for emerging and Asian equities.

Over the last two decades as a fundamental investor on the buy side, Mohammed has covered the ground extensively, travelling frequently throughout the emerging markets, particularly China. He has worked in four major global financial centres, namely, New York, London, Edinburgh and Singapore.

Mohammed earned his Bachelor of Science in Economics at The Wharton School of the University of Pennsylvania and his Master's in Business Administration at the Sloan School at the Massachusetts Institute of Technology.

11. The Manager will remain as manager of the Sub-Fund(s) until it retires or is removed or replaced in accordance with the provisions of the Constitution or the Management Agreement. Any change to the Manager of the Sub-Fund(s) will be announced on the SGXNET.

12. Investment Advisor

Details of the Investment Advisor for each Sub-Fund (if any) are set out in the relevant Appendix.

***You should note that past performance of the Manager is not necessarily indicative of the future performance of the Manager.***

### III THE CUSTODIAN

13. The Company has appointed DBS Trustee Limited (Company Registration No.: 197502043G) as custodian of the assets of the Sub-Fund(s) (the “**Custodian**”). The registered address of the Custodian is at 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982.

The Custodian is an approved trustee under the SFA, with a paid-up capital of S\$2.5 million. The Custodian was established on 24 November 1975 in Singapore. The Custodian does not have any material conflict of interest with its position as custodian of the Sub-Fund(s). The Custodian is a member of DBS Bank Group. The Custodian is regulated in Singapore by the Authority.

Under the Constitution and terms of the Custodian Agreement, the Custodian is responsible for the safekeeping of the assets of the Sub-Fund(s). Under the CIS Code, the Custodian shall take reasonable care to ensure that the investment and borrowing guidelines set out in the Code are complied with by the Company and the Manager.

The Custodian is a global custodian which provides custodial services to the Company and the Sub-Fund(s) globally. The Custodian is entitled to appoint a network of sub-custodians in other markets. The Custodian has a selection and ongoing monitoring framework based on a set of defined criteria. These criteria include but are not limited to financial strength, client servicing and operations processing i.e., settlement, corporate actions and income processing, reporting, market development updates and business continuity. Any sub-custodian appointed by the Custodian will be licensed and regulated in its home jurisdiction.

Notwithstanding any delegation by the Custodian in accordance with the Custodian Agreement or the CIS Code, the Custodian shall be ultimately responsible and accountable for the safekeeping of the assets of the Company and Sub-Fund(s).

14. Pursuant to the Custodian Agreement, the Custodian will act as the custodian of the Sub-Fund(s) Assets, which will be held directly by the Custodian or through its agents, sub-custodians, or delegates pursuant to the Custodian Agreement. The Custodian will remain as the custodian for the Sub-Fund(s) until the termination of its appointment in accordance with the provisions of the Custodian Agreement.
15. In the event that the Custodian becomes insolvent, the Company may terminate the Custodian Agreement entered into with the Custodian and appoint such other person as the new custodian to provide custodial services to the Sub-Fund(s). Any change to the Custodian of the Sub-Fund(s) will be announced on the SGXNET.

#### **IV OTHER PARTIES**

16. DBS Bank Limited (Company Registration No.: 197502043G) has been appointed as the registrar of the Company in respect of the Sub-Fund(s) (the "**Registrar**"). The Register will be maintained by the Registrar and can be inspected at 10 Toh Guan Road, #04-11 DBS Asia Gateway, Singapore 608838 during normal business hours (subject to such reasonable restrictions as the Registrar may impose).

Any change to the Registrar of the Company will be announced on the SGXNET.

17. For so long as the Shares are listed, quoted and traded on the SGX-ST, the Company shall appoint The Central Depository (Pte.) Limited (Company Registration No.: 198003912M) (the "**CDP**") as the Shares Depository for the Sub-Fund(s), and all Shares issued will be deposited with the CDP and represented by entries in the register of Shareholders kept by the Registrar in the name of the CDP or its nominee as the registered Shareholders of such Shares. The Company or any agents appointed by the Company shall issue to the CDP or its nominee not more than ten (10) Business Days after the issue of Shares a confirmation note confirming the date of issue and the number of Shares so issued, and if applicable, also stating that the Shares are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Constitution, such confirmation note shall be deemed to be a certificate evidencing title to the Shares issued.
18. The current Designated Market Makers of the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF are Flow Traders Asia Pte. Ltd. and Phillip Securities Pte. Ltd. Any change to the Designated Market Makers of this Sub-Fund will be announced on the SGXNET.
19. The auditors of the Company are PricewaterhouseCoopers LLP of 7 Straits View, Marina One East Tower, Level 12, Singapore 018936 (the "**Auditors**"). Any change to the Auditors of the Company will be announced on the SGXNET.
20. The Company has appointed DBS Bank Limited as the administrator of the Company in respect of the Sub-Fund(s) (the "**Fund Administrator**"). DBS Bank Limited is a company incorporated in Singapore on 16 July 1968 and is regulated by the Authority under the Securities and Futures Act 2001. Its registered address is at 12 Marina Boulevard, Marina Bay Financial Centre Tower 3 Singapore 018982. DBS Bank Limited has an issued and paid-up capital of SGD 24,452 million as at 31 December 2023. DBS Bank Limited will remain as the administrator of the Company until its appointment is terminated in accordance with the terms of the Administration

Agreement. Any change to the administrator of the Company will be announced on the SGXNET.

21. Counterparties, brokers and/or prime brokers (if any) that are used by the Manager in managing the assets of the Company or Sub-Fund(s) are selected from an approved panel and their appropriateness for continuous use by the Manager is reviewed on a regular basis. The Manager must complete due diligence on the counterparties, brokers and/or prime brokers and obtain the relevant internal approvals for their inclusion onto the panel. However, for inclusion onto the panel of counterparties, brokers and/or prime brokers to transact in foreign exchange, over-the-counter derivatives, secured/unsecured call loan or securities lending, approval must also be sought from the risk management department of the Manager's parent company, Nikko AM.

## **V STRUCTURE OF THE COMPANY AND SUB-FUNDS**

22. The Company is an open-ended umbrella variable capital company currently comprised of one Sub-Fund, i.e. the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF.
23. The Company has the discretion to establish different classes of Shares in a Sub-Fund (each a "**Class**" and collectively the "**Classes**") from time to time by Board Resolutions. The Classes established within the Sub-Fund(s) are as follows:

### NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF

- SGD Share Class (denominated in SGD)

The Classes in the Sub-Fund(s) may differ, amongst other things, in terms of the currency of denomination, dividend payouts, creation and redemption settlement cycles, etc.

All Classes will constitute the relevant Sub-Fund and are not separate funds. Any expense, income and/or gain which is attributable to a particular Class of a Sub-Fund shall be deducted from or added to (as the case may be) the value of such Sub-Fund which is attributable to that Class.

A separate NAV per Share will be calculated for each Class. The NAV per Share of each Class will be calculated on each Subscription Day in the currency of the relevant Class. It is calculated based on forward pricing and is determined based on the Value as at the Valuation Point on the relevant Subscription Day on which applications for Shares are received, of the proportion of the Sub-Fund Assets or Class represented by 1 Share and rounding such amount to the nearest 4 decimal places (or such other number of decimal places or such other method of rounding as the Company may from time to time determine).

Each Share represents an undivided share in the Sub-Fund Assets or the portion of the Sub-Fund Assets attributable to the relevant Class. The rights, interests and obligations of Shareholders are contained in the Constitution.

## VI INVESTMENT OBJECTIVE, FOCUS & APPROACH

24. The investment objective, focus and approach of each Sub-Fund is stated in the relevant Appendix of this Prospectus. Presently, Appendix I contains information in respect of the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF.

In managing a Sub-Fund, the Manager may adopt either a Replication Strategy or Representative Sampling Strategy (both as described below). The Manager may swap between the two strategies, without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the relevant Sub-Fund.

### (a) Replication Strategy

Using a Replication Strategy, the Sub-Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Index. This may result in a situation where the Deposit Basket may comprise of odd lots of the Index Securities. For purposes of tracking the Index closely, the Manager may, from time to time, adjust the number of odd lots of Index Securities in each Deposit Basket. However, if the Manager believes that a Replication Strategy is not the most efficient means to track the Index, the Manager may decide to adopt a Representative Sampling Strategy instead.

### (b) Representative Sampling Strategy

Using a Representative Sampling Strategy, the Sub-Fund will hold a representative sample of a portfolio of securities selected by the Manager using quantitative analytical models in a technique known as "portfolio sampling". Where a Representative Sampling Strategy is employed, securities that are not constituents of the Index may be held by this Sub-Fund. Such securities will be expected to have a high level of correlation or a similar valuation or market capitalisation as the relevant Index Securities. The Manager will seek to construct the portfolio of the Sub-Fund such that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of the Index.

25. The current benchmark and Index Provider of each Sub-Fund is stated in the relevant Appendix of this Prospectus. Information on the Index and the index methodology can be found in the relevant Appendix.
26. If the Index ceases to be compiled or published or if the Licence Agreement with respect to the Index is terminated for any reason, the Company shall select an alternate or successor index (if necessary, customised by the index licensor or the Company) using in the opinion of the Company the same or substantially similar formula for the method of calculation as the Index (the "**Successor Index**"). The Manager will manage the Sub-Fund's portfolio using this Successor Index, taking into account the interests of Shareholders.
27. As Index Securities may be and are added to or removed from the Index of a Sub-Fund from time to time, the Manager may sell or purchase securities that are not yet represented in the Index in anticipation of their removal from or addition to the Index. The composition of the constituent securities of the Index for each Sub-Fund is disclosed in the relevant Appendix of this Prospectus. You should note that the composition of the Index for each Sub-Fund may change.

28. The Manager will rebalance each Sub-Fund's portfolio of investments from time to time to reflect any changes to the composition of, or the weighting of securities in the Index of a Sub-Fund with a view to minimising tracking error of such Sub-Fund's overall returns relative to the performance of its Index. Such rebalancing may be in the form of investments in non-Index Securities (if representative sampling is adopted). You may obtain information on the tracking error of a Sub-Fund (once available) from the Manager's website at [www.nikkoam.com.sg](http://www.nikkoam.com.sg).

29. The distribution policy for each Sub-Fund is set out in the relevant Appendix of this Prospectus.

The Company will, in its discretion, decide whether a distribution is to be made based on various factors, including dividend and/or interest income and/or capital gains derived from the investments of a Sub-Fund and which is attributable to the relevant Class. In addition to distributions to Shareholders out of distributable income and/or capital gains, the Company may make distributions to Shareholders out of the capital of a Sub-Fund Asset in accordance with the provisions of the Constitution. Where distributions are paid out of capital, the Net Asset Value of a Sub-Fund or Class will be reduced and this will be reflected in the Redemption Price of the Shares of such Sub-Fund or Class. Shareholders redeeming their Shares may therefore receive an amount less than their initial investment. Such distributions may also result in reduced future returns to Shareholders. Distributions will only be paid to the extent that they are available for distribution pursuant to, and in accordance with the provisions of, the Constitution.

30. On a distribution, the Company, in accordance with the instructions of the Manager, will allocate the amount available for distribution and will pay such amount to the CDP who will in turn allocate and make the necessary payment to the Shareholders based on the number of Shares held by each Shareholder named in the records of the CDP or its depository agents.

Amounts to be distributed in respect of each Share shall be rounded to the nearest S\$0.01 per Share. Subject to the Constitution, any unclaimed distributions payable to a Shareholder may at the expiration of 6 years from the date upon which the same became payable be forfeited and will be held by the Company for the purposes of the relevant Sub-Fund (unless such Sub-Fund has been terminated in which case it will revert to the Company).

31. The Sub-Fund(s) will not invest in warrants, commodities, precious metals and unlisted securities.

32. A Sub-Fund may use or invest in financial derivative investments ("FDIs") in accordance with the Notice on the Sale of Investment Products and the Notice on Recommendations on Investment Products and the Securities and Futures (Capital Markets Products) Regulations 2018 (for so long as the Shares of such Sub-Fund are Excluded Investment Products ("EIPs")) and Appendix 1 of the CIS Code. Such FDIs may include, but are not limited to, interest rate swaps, bond futures, forward contracts, over-the-counter options, index futures and options. Subject to the provisions of the Notice on the Sale of Investment Products and the Notice on Recommendations on Investment Products and the Securities and Futures (Capital Markets Products) Regulations 2018 (for so long as the Shares of such Sub-Fund are EIPs), a Sub-Fund may use or invest in FDIs for the purposes of hedging and/or efficient portfolio management.

As at the date of this Prospectus, the Manager may, but currently does not intend to, invest in FDIs for the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF.

33. Where a Sub-Fund uses or invests in FDIs, the global exposure of such Sub-Fund to financial derivatives or embedded financial derivatives will not exceed 100% of the NAV of such Sub-Fund at all times. Such exposure would be calculated using the Commitment Approach as described in, and in accordance with the provisions of, Appendix 1 of the CIS Code.
34. Where a Sub-Fund uses or invests in FDIs, the Manager shall ensure that the risks related to such FDIs are duly measured, monitored and managed. The Manager will attempt to minimise the risks of investments in FDIs through careful selection of reputable counterparties and monitoring of the Sub-Fund's derivatives positions on an ongoing basis. The Manager has the requisite expertise, experience and quantitative tools to manage and contain such investment risks. In particular, the Manager has in place a comprehensive risk management framework to ensure that the Sub-Fund's risk exposure as a result of such FDIs would not be substantially increased. The Manager will ensure that the risk management and compliance procedures and controls adopted are adequate and have been or will be implemented and that it has the necessary expertise to control and manage the risks relating to the use of FDIs.
35. The Manager has a dedicated and independent risk management team which oversees the individual portfolio risks. The Manager's portfolio risk management philosophy encompasses the whole investment process from formulation to implementation. Risk management is an integral part of the Manager's investment process. The risks are quantified and broken down into its components through tools employed by the risk management team and monitored closely. Additionally, all open positions/exposure in derivatives will be marked to market at a frequency at least equal to the frequency of the NAV calculation of a Sub-Fund.
36. A Sub-Fund may engage in securities lending or repurchase transactions in accordance with the Notice on the Sale of Investment Products and the Notice on Recommendations on Investment Products and the Securities and Futures (Capital Markets Products) Regulations 2018 (for so long as the Shares of such Sub-Fund are EIPs) and Appendix 1 of the CIS Code. Further details relating to securities lending and repurchase transactions are set out in paragraph 126 of this Prospectus.
37. In respect of a Sub-Fund listed on the SGX-ST, the investment objective and policy of such Sub-Fund will be adhered to for at least three (3) years upon listing on the SGX-ST of the Sub-Fund, unless otherwise agreed by the Shareholders by a Special Resolution in general meeting or unless such requirement to obtain Shareholders' agreement by Special Resolution is waived by the SGX-ST.
38. Unlike "actively managed" unit trusts and mutual funds, in their management of any Sub-Fund, the Manager does not attempt to outperform the Index of a Sub-Fund nor does it seek temporary defensive positions when markets decline or appear overvalued by some standards. Accordingly, a fall in the Index of a Sub-Fund may result in a corresponding fall in the NAV of such Sub-Fund.
39. *Investment restrictions.* Under the CIS Code, the Sub-Fund(s) is classified as an index fund and the Sub-Fund(s) will be subject to the investment guidelines for index funds set out in Appendix 5 of the CIS Code as well as the investment guidelines in Appendix 1 of the CIS Code, save to the extent waived or permitted by the Authority. Where Shares of a Sub-Fund are EIPs and prescribed capital markets products, such Sub-Fund will not invest in any product and will

not engage in any transaction which may cause the Shares not to be regarded as EIPs and prescribed capital markets products.

40. *Credit rating* (in relation to any Sub-Fund with a fixed income exposure). The Manager has established a set of internal credit assessment standards and has put in place a credit assessment process to ensure that its investments are in line with these standards. The Manager's credit assessment process involves an assessment of qualitative and quantitative factors of a bond's issuer to determine an internal credit rating. Information on the Manager's credit assessment process will be made available to investors upon request.
41. Under the provisions in the Constitution, a Sub-Fund may at any time and from time to time borrow, on a temporary basis for a borrowing period not exceeding one month, for the purposes of meeting redemptions and bridging requirements. Aggregate borrowings for such purposes should not exceed ten per cent. (10%) of the NAV of such Sub-Fund at any given time.

42. The base currency and Classes of Shares offered for a Sub-Fund are set out in the relevant Appendix.

## **VII CPF INVESTMENT SCHEME**

43. The Sub-Fund(s) is currently not included under the CPF Investment Scheme.

## **VIII FEES AND CHARGES**

44. The fees and charges payable by the investors for (i) purchasing and selling of Shares on the SGX-ST using cash or SRS monies; (ii) subscribing and/or redeeming of Shares in cash by or through the Participating Dealers; and (iii) subscribing and/or redeeming of Shares in-kind by or through the Participating Dealers, for each Sub-Fund can be found in the relevant Appendix of this Prospectus.

## **IX RISKS**

45. Prospective investors should be aware that investments in a Sub-Fund(s) are subject to risk. Investors are advised to examine and carefully consider the relevant risk factors relating to a Sub-Fund in general and those applicable to the relevant Sub-Fund(s) (set out in the relevant Appendix of this Prospectus) before deciding whether or not to invest in a Sub-Fund.
- (a) While a Sub-Fund may offers the potential for capital appreciation and income distributions (if stated in the relevant Appendix), no assurance is given that this will be achieved. You should read this Prospectus and discuss all risks with your financial and legal advisers before making an investment decision.
- (b) Investments in a Sub-Fund are designed to produce returns over the long term and are not suitable for short term speculation. You should be aware that the price of Shares, and the income from them, may go up as well as down, and that past performance is not necessarily a guide to the future performance of a Sub-Fund. A possible loss of the principal invested cannot be ruled out.
- (c) The risks of investments made by a collective investment scheme include, amongst others, economic, political, liquidity, regulatory, interest rate, credit, regulatory, currency, counterparty, default and repatriation risks and risk of ratings downgrade.

- (d) Dealings in the Shares and the calculation of the NAV per Share may be suspended in certain circumstances and the redemption of Shares may be suspended or deferred in certain circumstances as provided for in the Constitution and described in Section XIII of this Prospectus.

46. The risks of investing in a Sub-Fund are as follows:

- (a) Market risk. The price of securities comprised in the portfolio of a Sub-Fund and the Shares, and the income from them, may be influenced by political and economic conditions, changes in interest rates, the earnings of the corporations whose securities are comprised in the portfolio, and the market's perception of the securities.
- (b) Liquidity risk. The extent of market liquidity is dependent on the size and state of the markets and therefore affects a Sub-Fund's ability to acquire or dispose of assets at the price and time it so desires.
- (c) Trading market in Redemption Securities. The Company has the absolute discretion to accept requests for the Creation and Redemption of Shares in-kind. Shares may be redeemed in-kind by Participating Dealers or by Shareholders through Participating Dealers in Redemption Unit size. Shareholders will receive Redemption Securities (plus a cash payment of the Cash Redemption Component (as described in paragraph 83 below) (if positive)). Shareholders may not be able to realise the value of Index Securities or (if representative sampling is adopted) non-Index Securities comprised in the Redemption Securities received on a redemption of Shares in a timely manner or at any particular price if there is no liquid trading market for the Index Securities or (if representative sampling is adopted) non-Index Securities. However, if the Company determines in its sole discretion that any Index Security or (if representative sampling is adopted) non-Index Security comprised in the Redemption Securities is likely to be unavailable for delivery or available in insufficient quantity for delivery upon the redemption of any Redemption Unit by a Shareholder, then the Company shall have the right in its sole discretion to pay cash equal to the Value of such Index Security or (if representative sampling is adopted) non-Index Security in lieu of delivering such Index Security or (if representative sampling is adopted) non-Index Security to the Shareholder.
- (d) Trading market in the Shares. Although the Shares are listed on the SGX-ST, you should be aware that there may be no liquid trading market for the Shares. There is no assurance that active trading markets for Shares will develop, nor is there a certain basis for predicting the actual price levels at, or sizes in, which Shares may trade.
- (e) Minimum creation and redemption size. Shares will only be issued or redeemed in-kind at the Company's discretion by or through Participating Dealers for the account of investors and/or for their own account in Creation Unit or Redemption Unit aggregations. Currently, Shares will only be issued and redeemed in cash by or through Participating Dealers for the account of investors and/or for their own account at the Minimum Subscription Amount or Minimum Redemption Amount. If you do not hold Redemption Unit aggregations or the Minimum Redemption Amount, you will only be able to realise the value of your Shares by selling your Shares on the SGX-ST at the prevailing trading price of the Shares. You should note that the Participating Dealers



are under no obligation to redeem your Shares. **It is expected that most investors will dispose of their Shares by selling them on the SGX-ST.**

- (f) Shares may trade at prices other than NAV. The NAV per Share of a Sub-Fund represents the fair price for buying or selling Shares. As with any listed fund, the secondary market price of Shares may sometimes trade above or below this NAV per Share. The deviation from this NAV is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Shares on the SGX-ST. There is a risk, therefore, that Shareholders may not be able to buy or sell at a price close to this NAV per Share. However, since Shares can be created and redeemed (in Creation Unit or Redemption Unit aggregations or at the Minimum Subscription Amount or Minimum Redemption Amount, at NAV), the Company believes that large discounts or premiums to the NAV of Shares cannot be sustained in an efficient market that allows for arbitrageurs to exploit the difference between trading prices and the NAV. The "bid/ask" spread (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers) is another source of deviation from this NAV. The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from this NAV.
- (g) Tracking error risk. Changes in the NAV of a Sub-Fund are unlikely to replicate exactly changes in the Index due to various factors. Factors such as fees and expenses of a Sub-Fund, liquidity of the market, imperfect correlation of returns between a Sub-Fund's securities and those in the Index, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the Index. Imperfect correlation between the returns of portfolio securities and the Index is more likely to happen to the extent that a Sub-Fund does not hold all the securities comprised in the Index if it adopts a representative sampling strategy or invests in securities that are non-Index Securities or invests in those Index Securities with different weighting from that of the Index. A Sub-Fund's returns may therefore deviate from those of the Index. However, a fall in the Index may result in a corresponding fall in the Value of a Sub-Fund.
- (h) Distributions risk. Investors should note that the income of a Sub-Fund (if any) may be distributed to Shareholders at the absolute discretion of the Company. Sources of income for distribution include dividends declared and paid by the companies whose shares are held by the Sub-Fund, coupons, interest income and/or capital gains derived from the investments of the Sub-Fund. Dividend rates of these companies (if any) are based on numerous factors, including their current financial condition, general economic conditions and their dividend policies. There can be no assurance that such companies will declare dividends or make other distributions. In addition to distributions to Shareholders out of distributable income and/or capital gains, the Manager may, in the event that income and/or capital gains are insufficient, make capital distributions to Shareholders at such time as they deem fit in accordance with the provisions of this Prospectus.

Where distributions are paid out of the capital of the Sub-Fund, the capital of the Sub-Fund will be reduced and this will be reflected in the realisation price of the Shares. Shareholders redeeming their Shares may therefore receive an amount less than their

initial investment. Such distributions may also result in reduced future returns to Shareholders.

- (i) Dependence upon trading market for Index Securities, Future Index Securities and Former Index Securities. The existence of a liquid trading market for the Index Securities may depend on whether there is supply of, and demand for, such Index Securities. There is no assurance that there will be active trading in any of the Index Securities. The price at which the Index Securities may be purchased or sold by a Sub-Fund upon any rebalancing activities or otherwise and the Value of a Sub-Fund may be adversely affected if trading markets for the Index Securities, Future Index Securities and Former Index Securities are limited or absent.
- (j) Lack of discretion of the Manager to adapt to market changes. The Index Securities held by a Sub-Fund will passively reflect the companies whose shares comprise the Index. Therefore, adverse changes in the financial condition or share performance of any company included in the Index will not result in the sale of the shares of such company, and will likely adversely affect a Sub-Fund's NAV and the trading price of its Shares. The Manager will have limited discretion to remove the shares of such company from a Sub-Fund although the Manager may substitute shares held by the Sub-Fund under a representative sampling strategy, if adopted. A fall in the Index may result in a corresponding fall in a Sub-Fund's NAV.
- (k) Trading in Shares on SGX-ST may be suspended. You will not be able to purchase or sell Shares on the SGX-ST during any period that the SGX-ST suspends trading in the Shares. The SGX-ST may suspend the trading of Shares whenever the SGX-ST determines that it is appropriate in the interests of a fair and orderly market to protect investors. Subject to the provisions of the CIS Code, the creation and redemption of Shares will also be suspended if the trading of Shares on the SGX-ST is suspended.
- (l) Shares may be delisted from SGX-ST. The SGX-ST imposes certain requirements for the continued listing of securities, including the Shares, on the SGX-ST. There is no assurance that a Sub-Fund will continue to meet the requirements necessary to maintain the listing of Shares on the SGX-ST or that the SGX-ST will not change its listing requirements. A Sub-Fund may be terminated if Shares are delisted from the SGX-ST.
- (m) Reliance on Participating Dealers. Currently, the creation and redemption of Shares can only be effected by or through Participating Dealers for the account of investors and/or for their own account. The number of Participating Dealers at any given time may be limited. You may not be able to submit creation or redemption requests through all the Participating Dealers but at any one time, there will be at least one Participating Dealer through whom you may submit creation or redemption requests. Participating Dealers are however under no obligation to accept instructions to create or redeem Shares on your behalf. Subject to the provisions of the CIS Code, Participating Dealers will not be able to create or redeem Shares during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities in the central clearing and settlement system established by the CDP is disrupted or clearing and settlement of in-kind transactions on the system established by the SGX-ST is disrupted or the Index is not compiled or published. In addition, subject to the provisions of the CIS Code, Participating Dealers will not be able to create

or redeem Shares if some other event occurs which impedes the calculation of the Value of a Sub-Fund by the Company or during which delivery of Index Securities or disposal of a Sub-Fund's investments cannot be effected normally.

- (n) Suspension of creations and redemptions. Dealings of Shares on the SGX-ST may not necessarily be suspended if the creation and redemption of Shares is temporarily suspended by the Company in accordance with the terms of the Constitution. If the creation and redemption of Shares is temporarily suspended, the trading price of the Shares may be adversely affected and differ from the market value of a Sub-Fund's assets.
- (o) Investing in derivatives. Subject to the provisions of the Notice on the Sale of Investment Products and the Notice on Recommendations on Investment Products and the Securities and Futures (Capital Markets Products) Regulations 2018 (for so long as the Shares of a Sub-Fund are EIPs), the Manager may in its absolute discretion cause a Sub-Fund to use or invest in FDIs for the purpose of hedging and/or efficient portfolio management. The Manager may use FDIs as allowed in the CIS Code. While the prudent and judicious use of FDIs by investment professionals can be beneficial, FDIs involve risks different from, and in some cases, greater than, the risks presented by more traditional investments. Some of the risks associated with FDIs are market risk, management risk, credit risk, liquidity risk, moratorium risk, capital control risk, tax risk and leverage risk. Investments in FDIs may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, a Sub-Fund's investments may be liquidated at a loss. Therefore, it is essential that such investments in FDIs be monitored closely. The Manager has the necessary expertise and controls for investments in FDIs and has in place systems to monitor any derivative positions for a Sub-Fund.

The viability of exercising FDIs depends on the market price of the investments to which they relate, and accordingly, the Manager may from time to time decide that it is not viable to exercise certain FDIs held by a Sub-Fund within the prescribed period, in which case, any costs incurred in obtaining the FDIs will not be recoverable. Additionally, the market price of the relevant investment may not exceed the exercise price attached to the FDI at any time during the exercise period or at the time at which the options are exercised and in such an event, this may result in an immediate loss to a Sub-Fund.

- (p) Changes in the Index. The Index is subject to regular review and revisions. Announcements that are made with respect to potential deletions from and additions to the Index can affect the price of affected companies and the Index as a whole. The Sub-Fund will typically hold Index Securities but may, under a representative sampling strategy, hold shares issued by companies that may be deleted from the Index and will typically begin to acquire shares of companies that may be added to the Index. The relative performance of these two groups of companies can have an adverse impact on a Sub-Fund.
- (q) Licence to use the Index may be terminated. The Company has been granted a licence by the Index Licensor of each Sub-Fund to use the Index for each Sub-Fund as a basis for the composition of each Sub-Fund, and to use certain trade names and trademarks

associated with the Index of each Sub-Fund. A Sub-Fund may not be able to achieve its objective and may be terminated if the Licence Agreement for such Sub-Fund is terminated and the Company is unable to identify or agree with the Index Licensor or any other index licensor terms for the use of a suitable replacement index that uses, in the opinion of the Company, the same or a substantially similar formula for the method of calculation as the Index for such Sub-Fund. Any such replacement index will be notified to Shareholders via SGXNET. Accordingly, you should note that a Sub-Fund's ability to track its Index depends on its Licence Agreement continuing in force or a suitable replacement index being found.

- (r) Termination of a Sub-Fund. The commercial success of a Sub-Fund is dependent on attracting assets under management significantly larger than a traditional unit trust. If the size of a Sub-Fund is less than S\$100 million (or its equivalent in any applicable currency) on any day after the date of its inception, the Company may terminate such Sub-Fund.
- (s) Errors or inaccuracies in the Index. There may be inaccuracies, errors, omissions or mistakes in the compilation or calculation of the Index, which may result in significant deviations between the NAV of the Shares and the Index. The accuracy and completeness of the calculation of the Index may be affected by, without limitation, the availability and accuracy of prices for its constituent securities, market factors and errors in its compilation. The Company and the Manager are not responsible or involved in the compilation or calculation of the Index, and thus cannot be held responsible or liable for any inaccuracies, errors, omissions or mistakes in such compilation or calculation.
- (t) Risk associated with the investment strategy of a Sub-Fund. Unlike "actively managed" unit trusts and mutual funds, in its management of a Sub-Fund, the Manager does not attempt to outperform the Index nor does it seek temporary defensive positions when markets decline or appear overvalued by some standards. Accordingly, a fall in the Index may result in a corresponding fall in the NAV of a Sub-Fund.
- (u) Tax and regulatory risk. There may be laws and regulations governing and taxes (including withholding taxes) imposed on the outward remittance by foreign investors of their share of net profits and dividends out of any jurisdiction which applies to an Index Security or company whose shares are held by a Sub-Fund and the repatriation of their investments in a foreign currency.
- (v) Currency risk. As the investments of a Sub-Fund may be denominated in currencies other than its base currency, fluctuations of the exchange rate of such currencies against the base currency of a Sub-Fund may have an impact on the investments and income of a Sub-Fund and affect the value of the Shares.

The Manager reserves the discretion to hedge, whether fully, partially or not at all, the foreign currency exposure of a Sub-Fund depending on the prevailing foreign exchange rates, and in the event no hedging or partial hedging is made, the value of a Sub-Fund may be affected. In the event that any such currency exposure is hedged, an active hedging strategy is usually adopted. Currently, the Manager has no intention to hedge the foreign currency exposure of any Sub-Fund.

In addition, as a Sub-Fund may be denominated in a base currency other than the currencies traded on the SGX-ST, foreign currency exchange rate movements may

affect the returns to investors in Singapore (who purchase Shares traded on the SGX-ST in currencies other than the base currency of a Sub-Fund), and investors may be exposed to exchange rate risks.

In the event that any investments of a Sub-Fund are denominated in a currency other than the currency in which the relevant Class of a Sub-Fund is denominated, fluctuations in the exchange rates of the currency of the investment against the currency of denomination of the relevant Class may affect the Net Asset Value of the relevant Class. The Manager reserves the discretion to hedge, whether fully, partially or not at all, the currency exposure of the assets of the Sub-Fund that are attributable to any of the Classes to the relevant currency in which it is denominated. In the event that any such currency exposure is hedged, an active hedging strategy is usually adopted.

- (w) Dual currency trading risk. The SGD Share Class of the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF is traded in two different currencies on the SGX-ST (i.e. S\$ and US\$). The price of the Shares in the secondary currency (i.e. US\$) is based on the price of the Shares in the primary currency (i.e. S\$) converted at the prevailing foreign exchange rate. Therefore, the performance of the Shares in the secondary currency may not be the same as that of the primary currency due to fluctuations in the foreign exchange rate between the S\$ and US\$.
- (x) Risks associated with investment in mainland China.

**PRC Market Risk:** Investing in the securities markets in the PRC is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market. For many years, the central government of the PRC has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress.

Many of the PRC economic reforms are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on investments in listed securities.

The national regulatory and legal framework for capital markets and joint stock companies in the PRC is still developing as compared to those of developed countries.

PRC companies are required to follow PRC accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following PRC accounting standards and practice and those prepared in accordance with international accounting standards.

**Stock Connect Risk:** In addition to the risks associated with the Chinese market and risks related to investments in RMB, investments through the Stock Connect are subject to additional risks, namely, quota limitations, suspension risk, differences in trading day, restrictions on selling imposed by front-end monitoring, recalling of eligible securities, clearing settlement and custody risks, operational risk, nominee arrangements in holding SSE Securities/SZSE Securities, participation in corporate actions and shareholders' meetings, investor compensation, trading costs, mainland China tax consideration and regulatory risk.

#### *Quota limitations*

The Stock Connect is subject to quota limitations on investments, which may restrict the Sub-Fund's ability to invest in the eligible securities through the Stock Connect on a timely basis, and the Sub-Fund may not be able to effectively pursue its investment policy.

#### *Suspension risk*

The SEHK and SSE / SZSE (as the case may be) reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound Trading Link is effected, the Sub-Fund's ability to access the mainland China market (and hence its ability to pursue its investment strategy) will be adversely affected.

#### *Differences in trading day*

The Stock Connect only operates on days when both the mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the mainland China market but Hong Kong investors (such as the Sub-Fund) cannot carry out any trading via the Stock Connect. The Sub-Fund may be subject to a risk of price fluctuations in the relevant securities during the time when the Stock Connect is not trading as a result.

#### *Restrictions on selling imposed by front-end monitoring*

Mainland China regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE / SZSE (as the case may be) will reject the sell order concerned. SEHK will carry out pre-trade checking on SSE Securities and SZSE Securities sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If the Sub-Fund desires to sell certain SSE Securities and/or SZSE Securities it holds, it must transfer those SSE Securities and/or SZSE Securities (as the case may be) to the respective accounts of its brokers before the market opens on the day of selling ("**trading day**"). If it fails to meet this deadline, it will not be able to sell those SSE Securities and/or SZSE Securities (as the case may be) on the trading day. Because of this requirement, the Sub-Fund may not be able to dispose of holdings of SSE Securities and/or SZSE Securities in a timely manner.

However, the Sub-Fund may request a custodian to open a special segregated account ("**SPSA**") in Central Clearing and Settlement System ("**CCASS**") to maintain its holdings in SSE Securities and SZSE Securities under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating the verification of the holdings of an investor such as the Sub-Fund. Provided that there is sufficient holding in the SPSA when a broker inputs the Sub-Fund's sell order, the Sub-Fund will be able to dispose of its holdings of SSE Securities and/or SZSE Securities (as opposed to the practice of transferring SSE Securities or SZSE Securities to the broker's account under the current pre-trade checking model for non-SPSA accounts). Opening of the SPSA accounts for the Sub-Fund will enable it to dispose of its holdings of SSE Securities and/or SZSE Securities in a timely manner.

### *Recalling of eligible securities*

When a security is recalled from the scope of eligible securities for trading via Stock Connect, the security can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Sub-Fund, for example, when the Manager wishes to purchase a security which is recalled from the scope of eligible securities.

### *Clearing settlement and custody risks*

The Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx ("**HKSCC**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**") establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of the mainland China's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding securities and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

The SSE Securities and SZSE Securities traded through Stock Connect are issued in scripless form, so investors, such as the Sub-Fund, will not hold any physical shares. Hong Kong and overseas investors, such as the Sub-Fund, who have acquired SSE Securities / SZSE Securities (as the case may be) through Northbound trading should maintain the SSE Securities / SZSE Securities (as the case may be) with their brokers' or custodians' stock accounts with the CCASS operated by HKSCC for the clearing securities listed or traded on SEHK.

### *Operational risk*

The Stock Connect provides a channel for investors from Hong Kong and overseas, such as the Sub-Fund, to access the mainland China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. SEHK and SSE/SZSE established mutual order-routing connectivity and related technical infrastructure to enable investors of their respective market to trade shares listed on the other's market. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems

failed to function properly, trading in both markets through the program could be disrupted. The Sub-Fund's ability to access the mainland China market (and hence to pursue their investment strategy) will be adversely affected.

*Nominee arrangements in holding SSE Securities/SZSE Securities*

HKSCC is the "nominee holder" of the SSE Securities / SZSE Securities (as the case may be) acquired by overseas investors (including the Sub-Fund) through the Stock Connect. The CSRC Stock Connect rules expressly provide that investors such as the Sub-Fund enjoy the rights and benefits of the SSE Securities / SZSE Securities (as the case may be) acquired through the Stock Connect in accordance with applicable laws. The CSRC has clarified in the Frequently Asked Questions published on 15 May 2015 that (i) the concept of nominee shareholding is recognised in mainland China, (ii) overseas investors shall hold SSE Securities / SZSE Securities (as the case may be) through HKSCC and are entitled to proprietary interests in such securities as shareholders, (iii) mainland China law does not expressly provide for a beneficial owner under the nominee holding structure to bring legal proceedings, nor does it prohibit a beneficial owner from doing so, (iv) as long as certification issued by HKSCC is treated as lawful proof of a beneficial owner's holding of SSE Securities / SZSE Securities (as the case may be) under the Hong Kong Special Administrative Region law, it would be fully respected by CSRC and (v) as long as an overseas investor can provide evidential proof of direct interest as a beneficial owner, the investor may take legal actions in its own name in mainland China courts.

Under the rules of the CCASS operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE Securities / SZSE Securities (as the case may be) in the mainland China or elsewhere. Therefore, although the Sub-Fund's ownership may be ultimately recognised, the Sub-Fund may suffer difficulties or delays in enforcing their rights in the relevant securities. Moreover, whether China courts will accept the legal action independently initiated by the overseas investor with the certification of holding in SSE Securities / SZSE Securities (as the case may be) issued by HKSCC has yet to be tested.

*Participation in corporate actions and shareholders' meetings*

HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the mainland China regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements.

Hong Kong and overseas investors (including the Sub-Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be very short. Therefore, the Sub-Fund may not be able to participate in some corporate actions in a timely manner.



### *Investor compensation*

Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. For defaults occurring on or after 1 January 2020, the Investor Compensation Fund also covers investors' losses in relation to securities traded on a stock market operated by the SSE or the SZSE and in respect of which an order for sale or purchase is permitted to be routed through the Northbound link of a Stock Connect arrangement. The objective of Hong Kong's Investor Compensation Fund is to provide protection to retail investors; whether such protection can extend to a collective investment scheme, such as the Sub-Fund, is yet to be tested.

On the other hand, since the Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not mainland China brokers, therefore it is not protected by the China Securities Investor Protection Fund in the mainland China.

### *Trading costs*

In addition to paying trading fees and stamp duties in connection with the trading of SSE Securities and/or SZSE Securities, the Sub-Fund may be subject to other fees and taxes concerned with income arising from stock transfers of stocks or ETFs which are determined by the relevant authorities. Further information about the trading fees and levies is available online at the website: [https://www.hkex.com.hk/mutual-market/stock-connect?sc\\_lang=en](https://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en).

### *Mainland China tax consideration*

The Manager reserves the right to provide for tax on gains of the Sub-Fund that invests in mainland China securities thus impacting the valuation of the Sub-Fund. With the uncertainty of whether and how certain gains on mainland China securities are to be taxed, the possibility of the laws, regulations and practice in the mainland China changing, and the possibility of taxes being applied retrospectively, any provision for taxation made by the Manager may be excessive or inadequate to meet final mainland China tax liabilities on gains derived from the disposal of mainland China securities. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed, the level of provision and when they purchased and/or sold their shares in/from the Sub-Fund.

### *Mainland China tax considerations for Stock Connect Investors*

#### (a) Capital gains

#### Corporate income tax ("CIT") and value-added tax ("VAT") implications

On 14 November 2014, the PRC Ministry of Finance ("MOF"), State Taxation Administration ("STA") and China Securities Regulatory Commission ("CSRC") jointly issued Circular Cai Shui [2014] No.81 ("Circular 81") in relation to the taxation rule on the Shanghai-Hong Kong Stock Connect. Under Circular 81, corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (such as the Sub-Fund) on the trading of China A-Shares through the Shanghai-Hong Kong Stock Connect with effect from 17 November 2014.

On 24 March 2016, the MOF and the STA jointly released Circular Cai Shui [2016] No.36, which provided that capital gain realised by Hong Kong market investors (such

as the Scheme) from the trading of China A-Shares through the Shanghai-Hong Kong Stock Connect are exempt from VAT after the business tax to VAT reform with effect from 1 May 2016.

On 1 December 2016, the MOF, the STA and the CSRC also jointly issued Circular Cai Shui [2016] No.127 (“Circular 127”) in relation to the taxation rule on the Shenzhen-Hong Kong Stock Connect. Under Circular 127, corporate income tax, individual income tax and value-added tax will be temporarily exempted on gains derived by Hong Kong market investors (such as the Scheme) on the trading of China A-Shares through the Shenzhen-Hong Kong Stock Connect with effect from 1 December 2016.

(b) Dividends

VAT implication

Dividend does not fall within the taxable scope of VAT, therefore is not subject to PRC VAT.

CIT implication

Dividends derived by Hong Kong and overseas investors of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect from the investment in China A-shares are PRC-sourced income and should be subject to 10% PRC WHT, subject to reduction by applicable double tax treaty. Such WHT is withheld by A-share issuers.

Stamp duty

According to the PRC Stamp Duty (“SD”) Law which takes effect on July 1, 2022, SD is imposed on the sale of securities (including PRC-listed shares or China depository receipts (“CDRs”) with underlying listed shares) at a tax rate of 0.1% of the sales price. Such SD is only imposed on the transferor of securities. The clearing house for Stock Exchanges (China Securities Depository and Clearing Corporation Limited, “CSDCC”) is responsible for withholding SD on A-shares from the sales proceeds.

According to Public Notice [2023] No.39 jointly issued by MOF and STA, SD on securities transactions was reduced by 50% starting from August 28, 2023, i.e. the effective SD rate is 0.05%.

*Mainland China tax consideration for QFIs<sup>2</sup>*

(a) Capital gains

Corporate income tax (“CIT”) and value-added tax (“VAT”) implications

On 14 November 2014, the MOF, the STA and CSRC jointly issued Circular Cai Shui [2014] No.79 (“Circular 79”) to address gains realised by QFIs from the transfer of equity investments. Pursuant to Circular 79, effective from 17 November 2014, gains realised by a QFI from the disposal of equity investment assets (including China A-shares) are temporarily exempt from PRC corporate income tax. The above is on the basis that the QFI is not a PRC tax resident enterprise and does not have an establishment or place in the PRC or having an establishment or place in the PRC but

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<sup>2</sup> “QFI” means a qualified foreign investor (including qualified foreign institutional investors (QFII) and RMB qualified foreign institutional investors (RQFII)) approved pursuant to the relevant PRC regulations (as amended from time to time).

the income so derived is not effectively connected with such establishment or place in the PRC.

On 30 June 2016, the MOF and the STA issued Circular Cai Shui [2016] No.70 which clarified that gains realised by QFIs from trading of mainland China marketable securities (including China A-shares) are also exempt from VAT with retrospective effect from 1 May 2016.

(b) Dividends

VAT implication

Dividend does not fall within the taxable scope of VAT, therefore is not subject to PRC VAT.

CIT implication

QFIs are subject to 10% PRC withholding income tax (“WHT”) on dividends and/or bonus shares distributed out of retained earnings on A-shares according to Circular Guo Shui Han [2009] No. 47 (“Circular 47”), subject to reduction by applicable double tax treaty. Such WHT is withheld by A-share issuers.

Stamp duty

According to the PRC Stamp Duty (“SD”) Law which takes effect on July 1, 2022, SD is imposed on the sale of securities (including PRC-listed shares or China depository receipts (“CDRs”) with underlying listed shares) at a tax rate of 0.1% of the sales price. Such SD is only imposed on the transferor of securities. The clearing house for Stock Exchanges (China Securities Depository and Clearing Corporation Limited, “CSDCC”) is responsible for withholding SD on A-shares from the sales proceeds.

According to Public Notice [2023] No.39 jointly issued by MOF and STA, SD on securities transactions was reduced by 50% starting from August 28, 2023, i.e. the effective SD rate is 0.05%.

*Regulatory risk*

The CSRC Stock Connect rules are departmental regulations having legal effect in mainland China. However, the application of such rules is untested, and there is no assurance that mainland China courts will recognise such rules, e.g. in liquidation proceedings of mainland China companies.

The Stock Connect is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the mainland China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change which may be retrospective. There can be no assurance that the Stock Connect will not be abolished. The Sub-Fund which may invest in the mainland China markets through Stock Connect may be adversely affected as a result of such changes.

**Risks regarding QFI status:** You should note that the Manager’s QFI status may be suspended or revoked and that this may adversely affect the Sub-Fund’s performance by requiring the Sub-Fund to dispose of its securities holdings.

You should note that there can be no assurance that the Manager will continue to maintain their QFI status. You should also note that redemption requests may not be processed in a timely manner due to adverse changes in relevant laws or regulations. In extreme circumstances, the Sub-Fund may incur significant losses due to its limited investment capabilities, or its inability to fully implement or pursue its investment objective or strategy, due to QFI investment restrictions, the illiquidity of the Chinese domestic securities market, and/or delay or disruption in the execution of trades or in the settlement of trades.

The rules and restrictions under QFI regulations generally apply to the Manager (in their capacity as a QFI) as a whole and not simply to the investments made by the Sub-Fund. Relevant PRC regulators are vested with the power to impose regulatory sanctions if the QFI or the QFI custodian violates any provision of the applicable QFI rules and regulations. Any violations could result in the revocation of the QFI's licence or other regulatory sanctions and may adversely impact the investment by the Sub-Fund.

**Repatriation and liquidity risks:** In addition, certain restrictions imposed by the Chinese government on QFIs may have an adverse effect on the Sub-Fund's liquidity and performance. The People's Bank of China and the SAFE<sup>3</sup> regulate and monitor the repatriation of funds out of the PRC by QFIs pursuant to the QFI rules. No lock-up period is imposed on the capital remitted by the Sub-Fund. Repatriations by QFIs in respect of the Sub-Fund are currently not subject to repatriation restrictions or prior approval, although authenticity and compliance reviews will be conducted, and monthly reports on remittances and repatriations will be submitted to SAFE by the QFI custodian. The repatriation process may be subject to certain requirements set out in the relevant regulations such as submission of certain documents, and completion of the repatriation process may be subject to delay. There is no assurance, however, that the PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact the Sub-Fund's ability to meet redemption requests from Shareholders. Furthermore, as the QFI custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the QFI custodian in case of non-compliance with the QFI rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Shareholder as soon as practicable and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control.

- (y) Concentration Risk. To the extent that the Index of a Sub-Fund concentrates in investments related to a particular industry or group of industries, such Sub-Fund will also concentrate its investments to approximately the same extent. Similarly, if the Index has significant exposure to one or more sectors, the Sub-Fund's investments will likely have significant exposure to such sectors. In such event, the Sub-Fund's performance will be particularly susceptible to adverse events impacting such industry or sector, which may include, but are not limited to, the following: general economic conditions or cyclical market patterns that could negatively affect supply and demand; competition for resources; adverse labor relations; political or world events; obsolescence of technologies; and increased competition or new product introductions that may affect the profitability or viability of companies in a particular industry or sector.

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<sup>3</sup> "SAFE" means the State Administration of Foreign Exchange of the PRC.

As a result, the value of the Sub-Fund's investments may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries or sectors.

- (z) Risks Relating to Investing in Autonomous and Electric Vehicle Companies. Autonomous & Electric Vehicle companies typically face intense competition and potentially rapid product obsolescence. Many of these companies are also heavily dependent on intellectual property rights and may be adversely affected by loss or impairment of those rights. There can be no assurance these companies will be able to successfully protect their intellectual property to prevent the misappropriation of their technology, or that competitors will not develop technology that is substantially similar or superior to such companies' technology. Autonomous & Electric Vehicle companies typically engage in significant amounts of spending on research and development, capital expenditures and mergers and acquisitions, and there is no guarantee that the products or services produced by these companies will be successful. Companies that produce the raw materials that are used in electric vehicles may be concentrated in certain commodities, and therefore be exposed to the price fluctuations of those commodities. In addition, autonomous vehicle technology could face increasing regulatory scrutiny in the future, which may limit the development of this technology and impede the growth of companies that develop and/or utilize this technology. The safety and reliability of Autonomous & Electric Vehicle companies, including that of key components relating to the rechargeable batteries used, ability of the Artificial Intelligence technology used to control such vehicles and overall infrastructure and charging terminals required for such Autonomous & Electric Vehicles is nascent and does not have an established track record in many jurisdictions and this may negatively impact the adoption of Autonomous & Electric Vehicle globally. This could have an adverse impact on the business profitability of Autonomous & Electric Vehicle companies. Autonomous & Electric Vehicle companies are also potential targets for cyberattacks, which can have a materially adverse impact on the performance of these companies. Autonomous & Electric Vehicle companies rely on artificial intelligence and big data technologies for the development of their platforms and, as a result, could face increased scrutiny as regulators consider how the data is collected, stored, safeguarded and used. The customers and/or suppliers of Autonomous & Electric Vehicle companies may be concentrated in a particular country, region or industry. Any adverse event affecting one of these countries, regions or industries could have a negative impact on Autonomous & Electric Vehicle companies and this could adversely affect the NAV of a Sub-Fund exposed to Autonomous & Electric Vehicle companies.
- (aa) Risks Related to Investing in the Automobiles Industry. The automobiles industry can be highly cyclical, and companies in the industry may suffer periodic operating losses. The industry can be significantly affected by labor relations and fluctuating component prices. While most of the major automobile manufacturers are large, financially strong companies, many others are small and can be non-diversified in both product line and customer base. Additionally, developments in automotive technologies (e.g., autonomous vehicle technologies) may require significant capital expenditures that may not generate profits for several years, if any. The automobile industry is also heavily dependent on components supplied by various third-party producers, including semi-conductor chips and other electronic items used in the manufacturer of automobiles. Consequently, any delay in or shortage of such components or parts globally will have an adverse impact on the production output of the automobile

manufacturers and could adversely affect the NAV of a Sub-Fund exposed to the automobile industry.

- (bb) Cross Liability Risk. The assets and liabilities of each Sub-Fund under the Company will be tracked, for book keeping purposes, separately from the assets and liabilities of any other Sub-Fund(s). The Constitution provides that the assets of each Sub-Fund should be segregated from each other and that transactions relating to each Sub-Fund shall be separately recorded. Any asset derived from any Sub-Fund Asset shall be applied in the books and records of the Company to the same Sub-Fund as the asset from which it was derived and any increase or diminution in the value of such asset shall be applied to such Sub-Fund, and each Sub-Fund shall be charged with the liabilities, expenses, costs and charges of the Company in respect of or attributable to the Sub-Fund. While section 29 of the Act provides that the assets of a sub-fund cannot be used to discharge the liabilities of any sub-fund or the umbrella variable capital company itself and that any liability of a sub-fund must be discharged solely out of the assets of the sub-fund including in its winding up, there is no guarantee that the courts of any jurisdiction outside Singapore will respect the limitations on liability and that the assets of any particular Sub-Fund will not be used to satisfy the liabilities of any other Sub-Fund.
- (cc) Conflicts of Interest Risk. The Directors, the Fund Administrator, the Custodian, the Manager and other Service Providers or their respective agents, delegates or associated parties may face potential conflicts of interest in the course of discharging their duties owed to the Company and each Sub-Fund.

For instance, certain Directors of the Company may also serve as directors and executives of the Manager's related corporations. In addition, only the holder of the Management Shares may vote on the appointment and removal of the Directors in accordance with the Constitution while the Directors may terminate the appointment of the Manager in accordance with the Management Agreement. These matters do not require and are not subject to the approval of holders of Participating Shares. In the event that the Manager shall retire or be removed or its appointment shall otherwise terminate, the Company shall appoint another corporation to act as the manager of the Company and such appointment is subject to the approval of the holders of Participating Shares by Special Resolution.

In dealing with any potential conflicts of interest, the Directors shall act in the best interest of the Company and each Sub-Fund as a whole, pursuant to their duties imposed by the Act as well as any other duties mandated by common law. Further, the Company will have at least one independent Director. Additionally, the Manager is required to act in the best interest of Shareholders pursuant to the CIS Code. Further information on how conflicts of interest will be resolved can be found in Section XVI "Conflicts of Interest" below.

- (dd) Corporate Structure Risk. The holders of Participating Shares of each Sub-Fund have limited voting rights. Under the Constitution, voting arrangements will differ depending on the specific matter in question. Further information on the voting rights afforded to each holder of Participating Shares can be found in paragraphs 2, 2A and 2B of this Prospectus.

- (ee) The Sub-Fund(s) is not a typical unit trust. You should note that the Sub-Fund(s) is not like a conventional unit trust or fund offered to the public in Singapore in that the creation and redemption of Shares with the Company are effected by or through Participating Dealers for the account of investors and/or for their own account and may either be made (i) in-kind in Creation Units or Redemption Units sizes, or (ii) in cash for a Minimum Subscription Amount or Minimum Redemption Amount, at each Cash Dealing Day's NAV. If you wish to purchase or sell less than the Minimum Subscription Amount or Minimum Redemption Amount, you will have to acquire or dispose of your Shares through trading on the SGX-ST. These features are (i) different from the features of conventional unit trusts or funds where units or shares can be purchased and redeemed by the investors for cash from the manager or the company on each dealing day in comparatively smaller multiples of units or shares and (ii) designed to protect investors from the adverse effects which arise from frequent cash subscription and redemption transactions that affect the NAV of conventional unit trusts or funds and to help to keep the trading price of the Shares close to the NAV of the Shares.

Additionally, investors should note that the Sub-Fund(s) is not like the typical exchange traded funds offered to the public in Singapore and which are structured as unit trusts. The Company is a variable capital company constituted under the Act and is not structured as an umbrella unit trust. In the typical umbrella unit trust structure, a trustee is appointed to safeguard the rights and interests of the holders of the unit trust. This is not present in the Company and the Sub-Fund(s). Instead, the Company has appointed Directors who are obliged to act in the best interest of the Company and each Sub-Fund, pursuant to their duties imposed by the Act as well as any other duties mandated by common law, and are responsible for the overall management and control of the Company and each Sub-Fund. As a variable capital company, the Company is also regulated by the Act, which is administered by the ACRA.

**The above is not an exhaustive list of the risks which you should consider before investing in a Sub-Fund. You should be aware that an investment in a Sub-Fund may be exposed to other risks of an exceptional nature from time to time.**

## **X SUBSCRIPTION OF SHARES**

### How to purchase Shares with cash or SRS monies

47. (i) You may apply for the Minimum Subscription Amount using cash (but not SRS monies) through Participating Dealers on any Cash Dealing Day. You may obtain a list of the Participating Dealers from the Company or Manager.
- (ii) If you wish to acquire less than the Minimum Subscription Amount, you may only acquire Shares in lots of 1 Share on the SGX-ST using cash or SRS monies. You may buy Shares on the SGX-ST through brokers in the same way as how you may buy shares in companies listed on the SGX-ST. Subject to the applicable terms and conditions imposed by the relevant SRS operator and any relevant competent authority, if you wish to subscribe for Shares with your SRS monies, you will have to give a written authorisation to the relevant SRS operator for monies to be withdrawn from your SRS account to pay for the subscription of Shares.

### Trading Shares on the SGX-ST

48. Shares of the Sub-Fund(s) are listed for trading on the secondary market on the SGX-ST. Shares can be bought and sold throughout the trading day like other publicly traded shares. There is no minimum investment. When buying or selling Shares through a broker, investors will incur customary brokerage commissions and charges and stamp duty, and investors may pay some or all of the spread between the bid and the offered price in the secondary market on each leg of a round trip (purchase and sale) transaction.

Shares prices are quoted and traded on the SGX-ST in S\$ and US\$ (for SGD Share Class of the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF).

49. Payment for Shares may be made as stipulated by the Participating Dealers from time to time.

In respect of institutional investors and Designated Market Makers, an investment form may also be obtained directly from the Participating Dealers and, once duly completed, forwarded by the Participating Dealers to the Registrar, together with the subscription monies in respect of the application for Shares.

50. Notwithstanding anything in this Section X, the Company shall retain the absolute discretion to accept or reject any application for Shares (including, but not limited to, rejecting any application for Shares that is received or deemed received by the Registrar on or before the Dealing Deadline of a Cash Dealing Day that is also an Ex. Dividend Date). If an application for Shares is rejected by the Company, the application monies shall be refunded (without interest) to you within a reasonable time in such manner as the Company shall determine. No certificates will be issued by the Company.

51. The minimum investment for each Sub-Fund in respect of cash subscriptions through Participating Dealers is set out in the relevant Appendix of this Prospectus.

52. The amount that you will have to pay for the number of Shares applied for is calculated by multiplying the number of Shares applied for by the Subscription Price of the Shares of the relevant Class together with any Duties and Charges. The Subscription Price of the Shares of the relevant Class shall be ascertained as follows:

- (i) by dividing the Value of the Sub-Fund Assets attributable to such Class as at the Valuation Point of the relevant Cash Dealing Day on which applications for Shares are deemed to be received and accepted by the Company by the number of Shares then in issue and deemed to be in issue; and
- (ii) by rounding the resulting total per Shares to the nearest four (4) decimal places.

The Company may add to the Subscription Price calculated (but not include within it) such sum (if any) as the Company may consider represents the appropriate provision for Duties and Charges, which shall be for the account of the Sub-Fund(s). The Subscription Price shall be calculated in the respective currency of each Sub-Fund or Class. The Subscription Price shall be based on forward pricing which means that the Subscription Price of the Shares shall not be ascertainable at the time of application for Shares.



53. Requests for subscription of Shares using cash must reach the Registrar on or before the Dealing Deadline for the Cash Dealing Day (12 noon (Singapore time) or such other time as the Company may determine). If the request for subscription of Shares using cash is received and accepted by the Registrar after the Dealing Deadline, it shall be deemed to be received and accepted by the Registrar on or before the Dealing Deadline for the next Cash Dealing Day. You may obtain the Subscription Price on the next Business Day from the Manager's website at [www.nikkoam.com.sg](http://www.nikkoam.com.sg).
54. The following is an illustration of the amount that you will have to pay based on an investment of 50,000 Shares through a Participating Dealer and a notional Subscription Price of S\$1.0500 (the actual Subscription Price of the Shares will fluctuate according to the Value of a Sub-Fund Asset and the number of Shares then in issue):

50,000 Shares Number of Shares proposed to be subscribed	x	S\$1.0500 Notional Subscription Price	=	S\$52,500.00	+	S\$262.50 Duties and Charges*	=	S\$52,762.50 Total amount payable by you**
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\* Assuming that you are charged 0.50% of the subscription amount by the Company. You should note that in addition to such Duties and Charges, you will also have to bear all brokerage fees charged by your stockbrokers.

\*\* You should note that there may be additional fees and charges (including brokerage fees and charges) payable to the Participating Dealers (as may be determined by the relevant Participating Dealer). The above numerical example has not included the applicable fees and charges payable by you (if any). You should therefore consult the relevant Participating Dealer for the actual amount of all fees and charges that would be payable to the Participating Dealer for assisting you with your subscription application. You should also note that in addition to any additional fee and charges payable to the Participating Dealers, you will also have to bear all brokerage fees charged by your stockbrokers.

The price of Shares traded on SGX-ST shall be based on their market prices throughout the trading day for SGX-ST.

You should note that all bank charges (if any) payable in connection with your subscription of Shares and the refund of the balance subscription monies (if any) will be borne by you.

55. Applications for subscription of Shares using cash will only be accepted and processed if the application monies and/or the Duties and Charges in respect of that application have been received in full in cleared funds by or to the order of the Company by no later than the second Dealing Day after the relevant Cash Dealing Day, or such other number of Dealing Days after the relevant Cash Dealing Day as may be determined by the Company ("**Cash Settlement Date**").

If the above is not satisfied, the application for subscription of Shares will be cancelled. Participating Dealers will be liable to pay a cancellation fee of such amount as the Company may from time to time determine to represent the Duties and Charges, the administrative costs involved in processing the application and purchasing and/or selling any investments, interest costs incurred by the Sub-Fund(s) and any losses arising in respect of the Sub-Fund's purchase

and sale of investments in connection with such cancellation (including the difference between the NAV of the Shares on the Cash Settlement Date compared to the relevant Cash Dealing Day).

56. The Subscription Price excludes any subscription fee or preliminary charge. No subscription fee or preliminary charge is currently payable.

#### How to subscribe for Shares in-kind

57. You may, through the Participating Dealers, submit Creation Requests to the Registrar on every Dealing Day for in-kind subscription of Shares but it is expected that investors who wish to acquire Shares in smaller lot sizes will do so by trading in the Shares on the SGX-ST. You may obtain a list of the Participating Dealers through whom you may submit Creation Requests or Redemption Requests from the Company or Manager. The Company has the absolute discretion to accept or reject requests for the Creation of Shares in-kind.
58. The Company may issue a Creation Unit on every Dealing Day to Participating Dealers at the Subscription Price for that Creation Unit. The Subscription Price for the Creation Unit of a Class shall be ascertained as follows:
- (i) by dividing the Value of the Sub-Fund Asset attributable to that Class at the Valuation Point of the relevant Dealing Day on which applications for Creation Units are deemed to be received by the Company by the number of Shares then in issue and deemed to be in issue;
  - (ii) by adjusting the resulting total per Share to the nearest four (4) decimal places; and
  - (iii) by multiplying the resulting total by the number of Shares comprising a Creation Unit aggregation.

The Company may add to the Subscription Price calculated (but not include within it) such sum (if any) as the Company may consider represents the appropriate provision for the Transaction Fee, which shall be for the account of a Sub-Fund. The Subscription Price for the Creation Unit shall be calculated in the respective currency of each Sub-Fund or Class. The Subscription Price for the Creation Unit shall be based on forward pricing which means that the Subscription Price of the Shares shall not be ascertainable at the time of request to create the Creation Unit.

#### *Procedures for creation of Shares*

59. If you wish to create Shares by subscribing for Shares in-kind, you must approach a Participating Dealer to do so on your behalf. The Participating Dealer may require you to complete a form. In addition, the Participating Dealer may request that you make certain representations or enter into agreements with respect to the order, for example, to provide for payments of cash, when required. You should be aware that your broker or dealer may not have executed a Participant Agreement and that, therefore, your broker or dealer may have to place orders to create Shares through a Participating Dealer that has entered into a Participant Agreement. In such cases, you may have to pay additional charges. At any given time, there may be only one or a limited number of Participating Dealers through whom you may submit Creation Requests.

60. Creation Requests received from Participating Dealers and accepted by the Company on or before the Dealing Deadline on each Dealing Day (i.e. 5.30 pm (Singapore time) or such other time as the Company may determine) will be processed at that Dealing Day's Subscription Price as calculated in accordance with paragraph 58 of this Prospectus. Creation Requests received from Participating Dealers after the Dealing Deadline or on a day which is not Dealing Day shall be deemed to be received by the Registrar on or before the Dealing Deadline for the next Dealing Day. If you place an order for Shares, you should afford sufficient time for the order to be properly submitted by the Participating Dealers to the Registrar prior to the Dealing Deadline on the relevant Dealing Day.
61. When submitting the Creation Request, the Participating Dealer should tender to the Custodian or to the order of the Company the Index Securities and (if representative sampling is adopted) non-Index Securities as comprising a Deposit Basket for each Creation Unit no later than two (2) Dealing Days following the relevant Transaction Date, or such other number of Dealing Days following the relevant Transaction Date as may be determined by the Company (the "**Settlement Date**") in accordance with the terms of the Participant Agreement. The delivery of Shares properly applied for will occur in accordance with the terms of the Participant Agreement which is normally no later than the Settlement Date in accordance with the terms of the Participant Agreement.
62. The issue of Shares in Creation Unit aggregations will only be done if the following are satisfied:
- (i) the Index Securities and (if representative sampling is adopted) non-Index Securities delivered to the Custodian in respect of that issue of Shares, in Creation Unit aggregations, have been approved by the Company as comprising a Deposit Basket with respect to the relevant Transaction Date;
  - (ii) the aggregate of (a) the Value of the Index Securities and (if representative sampling is adopted) non-Index Securities at the Valuation Point on the relevant Transaction Date delivered to the Custodian and (b) the amount of cash paid to or to the order of the Company in respect of the Cash Issue Component for the Creation Unit aggregation (as described in paragraph 63 below) is equal to the Subscription Price for that Creation Unit aggregation;
  - (iii) the Index Securities and (if representative sampling is adopted) non-Index Securities have been transferred to the Custodian to the Company's satisfaction or satisfactory evidence of title and instruments of transfer shall have been produced to or to the order of the Company by such time and date as determined therefor by the Company in its discretion, provided that such date shall occur no later than the relevant Settlement Date; and
  - (iv) the full amount of the Cash Issue Component and Transaction Fee in respect of that Creation Unit size shall have been received in full in cleared funds by the Custodian or to the order of the Company by such time and date as determined therefor by the Company in its discretion, provided that such date shall occur no later than the relevant Settlement Date.

If any of the above is not satisfied, the Creation Request will be cancelled. Participating Dealers will be liable to pay a cancellation fee of such amount as the Company may from time to time determine to represent the Transaction Fee, the administrative costs involved in processing the

Creation Request, purchasing and/or selling any investments, and redelivering any Index Securities and (if representative sampling is adopted) non-Index Securities, interest costs incurred by a Sub-Fund and any losses arising in respect of the Sub-Fund's purchase and sale of investments in connection with such cancellation (including the difference between the NAV of the Shares on the Settlement Date compared to the relevant Dealing Day).

63. The Cash Issue Component of a Creation Unit is the difference between the Subscription Price of the Creation Unit as calculated in paragraph 58 and the Value of the Index Securities and (if representative sampling is adopted) non-Index Securities constituting a Deposit Basket on the relevant Transaction Date delivered to the Custodian or to the order of the Company. If the Cash Issue Component (after taking into account the Transaction Fee) is a negative amount no cash shall be payable or paid by a Participating Dealer, but a cash amount equal to the negative amount shall be paid by the Company to the Participating Dealer no later than two (2) Dealing Days following the relevant Transaction Date, or such other number of Dealing Days following the relevant Transaction Date as may be determined by the Company.

*Acceptance of orders for Creation Unit aggregations*

64. The Company reserves the absolute right without giving any reason therefor to reject a Creation Request transmitted to the Registrar (including, but not limited to, rejecting any Creation Request that is received or deemed received by the Registrar on or before the Dealing Deadline of a Dealing Day that is also an Ex. Dividend Date). The Company currently intends to reject a Creation Request if:

- (i) the order is not in proper form; or
- (ii) under applicable law or regulation, the applicant (on whose behalf the Participating Dealer is acting) is not eligible to subscribe for, purchase or hold Shares, or in the discretion of the Company, the purchase or holding of Shares by the applicant might result in the Sub-Fund(s), the Company or the Manager incurring any liability to tax or suffering any other financial disadvantage or becoming subject to any law or regulation which they might not otherwise have incurred or suffered or become subject to.

The Registrar will notify the Participating Dealer of any rejection of an order placed by that Participating Dealer. The Company is under no duty to provide reasons for rejecting a Creation Request in respect of a Sub-Fund.

65. The Company may at its discretion change the number of Shares comprising a Creation Unit aggregation for the purpose of effecting creations of Shares.

Applicable to subscribing for Shares in cash and in-kind

66. For every successful application for Shares, the relevant Participating Dealer will be sent a confirmation detailing the number of Shares allotted within seven (7) Business Days of the receipt of the application by the Registrar. All Shares created through subscription of Shares by or through the Participating Dealers will be entered on the records of CDP in the name of the relevant Participating Dealer or its nominee.

67. No Shares will be issued and no application for subscription of Shares or Creation Request will be accepted during any period when the creation and redemption of Shares is suspended (see Section XIII below).

## **XI REALISATION OF SHARES**

### How to sell Shares for cash or Shares which were purchased with SRS monies

68. (i) You may apply to redeem the Minimum Redemption Amount of a Sub-Fund or Class as set out in the relevant Appendix of this Prospectus for cash (but not SRS monies) on any Cash Dealing Day through Participating Dealers.
- (ii) If you wish to dispose of less than the Minimum Redemption Amount, you may sell your Shares which were purchased with cash or SRS monies on the SGX-ST through brokers in the same way as how you may sell shares in companies listed on the SGX-ST.

### Trading Shares on the SGX-ST

Shares of a Sub-Fund are listed for trading on the secondary market on the SGX-ST. Shares can be bought and sold throughout the trading day like other publicly traded shares. There is no minimum investment. When buying or selling Shares through a broker, investors will incur customary brokerage commissions and charges and stamp duty, and investors may pay some or all of the spread between the bid and the offered price in the secondary market on each leg of a round trip (purchase and sale) transaction.

Share prices are quoted and traded on the SGX-ST in S\$ and US\$ (for SGD Share Class of the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF).

69. A Shareholder holding the Minimum Redemption Amount or more may redeem Shares pursuant to paragraph 68(i) above through completing the redemption request (or such other form as the Company may approve from time to time) and forwarding the same to the Participating Dealers. However, if you have applied to subscribe for Shares using cash on any Cash Dealing Day, you shall not be entitled to redeem the Shares to be issued to you until after the Cash Settlement Date in respect of that Cash Dealing Day.
70. There is no minimum holding amount for the Shares. The Minimum Redemption Amount of Shares in respect of cash redemptions through Participating Dealers is set out in the relevant Appendix of this Prospectus. However, if the Shares cease at any time to be listed on the SGX-ST and any other stock exchange on which the Shares may be listed or quoted on for a continuous period of 30 days, subject to paragraph 90, the Company will, within 14 days from the end of such 30-day period, commence accepting redemption requests made directly by Shareholders, subject to the provisions of the Constitution. If the Shares are subsequently re-listed on the SGX-ST or a stock exchange, the Company may, on reasonable notice given to Shareholders, again require redemption requests to be made only through Participating Dealers. Shareholder with less than the Minimum Redemption Amount may sell their Shares for cash by trading the Shares on the SGX-ST.

71. The net realisation proceeds are calculated by multiplying the number of Shares to be redeemed by the Redemption Price of the Shares of a Class on the relevant Cash Dealing Day which shall be ascertained as follows:
- (i) by dividing the Value of a Sub-Fund Asset attributable to such Class at the Valuation Point of the relevant Cash Dealing Day on which applications to redeem Shares are deemed to be received and accepted by the Company by the number of Shares then in issue and deemed to be in issue; and
  - (ii) by adjusting the resulting total per Share to the nearest four (4) decimal places.

The Company may deduct from the realisation proceeds such sum (if any) as the Company may consider represents the appropriate provision for Duties and Charges, which shall be for the account of a Sub-Fund. The Redemption Price shall be calculated in the respective currency of each Sub-Fund or Class and shall be based on forward pricing which means that the Redemption Price of the Shares shall not be ascertainable at the time of application to redeem Shares.

72. Applications to redeem Shares for cash must reach the Registrar on or before the Dealing Deadline on the Cash Dealing Day (i.e. 12 noon (Singapore time) or such other time as the Company may determine). If the request to redeem Shares for cash is received and accepted by the Registrar after the Dealing Deadline, it shall be deemed to be received and accepted by the Registrar on or before the Dealing Deadline for the next Cash Dealing Day. You may obtain the Redemption Price on the next Business Day from the Manager's website at [www.nikkoam.com.sg](http://www.nikkoam.com.sg).
73. The following is an illustration of the realisation proceeds that you will receive based on a redemption of 50,000 Shares through a Participating Dealer and a notional Redemption Price of S\$1.1000 (the actual Redemption Price of the Shares will fluctuate according to the Value of the Sub-Fund Asset and the number of Shares then in issue).

50,000	x	S\$1.1000	=	S\$55,000.00	–	S\$275.00	=	S\$54,725.00
No. of Shares Redeemed		Notional Redemption Price		Gross Realisation Proceeds		Duties and Charges*		Net Realisation Proceeds

\* Assuming that you are charged 0.50% of the redemption amount by the Company. You should note that in addition to such Duties and Charges, you will also have to bear all brokerage fees charged by your stockbrokers.

The price of Shares traded on SGX-ST shall be based on their market prices throughout the trading day for SGX-ST.

74. Where Shares are to be redeemed for cash, but subject as provided in paragraphs 90 and 91, the Company shall proceed to effect any sales of investments necessary to provide the cash required to pay the realisation proceeds and notify the Registrar that those Shares are to be redeemed and cancelled. In such event the Sub-Fund(s) shall be reduced by the cancellation of those Shares on the Cash Settlement Date and for settlement on that Cash Settlement Date, the Company shall pay the realisation proceeds to the relevant Shareholders. Notwithstanding

the foregoing, no realisation proceeds shall be paid unless Shares, the subject of the application to redeem Shares for cash, have been delivered to the Company for redemption by such time on the Cash Settlement Date as the Company shall for the time being prescribe. If Shares are not delivered to the Company for redemption in accordance with the foregoing: (i) the application for redemption for cash shall be deemed never to have been made (except that the Duties and Charges shall remain due and payable) and (ii) the Company may, but shall not be bound to, charge the Shareholder's Participating Dealer (for the account of the Sub-Fund(s)) a cancellation fee of such amount as it may from time to time determine to represent the administrative costs involved in processing the redemption request, purchasing and/or selling any investment and redelivering any Shares, and any losses arising in respect of the Sub-Fund's sale and purchase of investments and any interest costs incurred by the Sub-Fund(s) in connection with such failed redemption. In addition, the Company may, but shall not be bound to require the Shareholder's Participating Dealer to pay to the Company for the account of the Sub-Fund in respect of each Share, the subject of the application for redemption of Shares for cash, the amount (if any) by which the Redemption Price of each such Share on the relevant Cash Dealing Day is less than the Subscription Price which would have applied in relation to each such Share as if the Company had received on the relevant Cash Settlement Date in relation to such Shares to be redeemed an application from such Shareholder's Participating Dealer for the subscription of such Shares in accordance with the relevant provisions of Section X of this Prospectus.

75. The Redemption Price excludes any realisation charge. No realisation charge is currently payable.
76. Payment will be made within three (3) Business Days after the relevant Cash Dealing Day, or such other number of Business Days after the relevant Cash Dealing Day as may be determined by the Company, subject to the provisions of the Constitution. The net realisation proceeds shall be paid to the Participating Dealer.

#### How to redeem Shares in-kind

77. You may, through the Participating Dealers, submit Redemption Requests on every Dealing Day for in-kind redemption of Shares but it is expected that smaller investors who wish to redeem Shares will do so by trading in the Shares on the SGX-ST. The Company has the absolute discretion to accept requests for the Redemption of Shares in-kind.
78. The Company may determine and designate the Index Securities and (if representative sampling is adopted) non-Index Securities comprising the Redemption Basket applicable to requests to redeem Shares in Redemption Unit aggregations submitted with respect to each Dealing Day. The Company may permit the redemption of a Redemption Unit on every Dealing Day by Participating Dealers at the Redemption Price for that Redemption Unit. On receipt of a Redemption Request by the Registrar from a Participating Dealer on behalf of a Shareholder which complies with the requirements as set out in paragraph 84 below, the Company shall effect the redemption of the Shares, in Redemption Unit aggregations, specified in the Redemption Request for proceeds equivalent to the Redemption Price of the number of Redemption Unit aggregations to be redeemed, such proceeds to be paid by way of a transfer by or on behalf of the Company *in specie* of the Redemption Securities and payment by or on behalf of the Company in cash of the Cash Redemption Component (if positive) determined as at the Transaction Date. The Redemption Price of a Class for a Redemption Unit aggregation shall be ascertained as follows:

- (i) by dividing the Value of a Sub-Fund Asset attributable to such Class at the Valuation Point of the relevant Dealing Day on which applications to redeem the Redemption Unit are deemed to be received by the Company by the number of Shares then in issue and deemed to be in issue;
- (ii) by adjusting the resulting total per Share to the nearest four (4) decimal places; and
- (iii) by multiplying the resulting total by the number of Shares comprising a Redemption Unit aggregation.

The Company may set off against any Cash Redemption Component payable to a Participating Dealer such sum (if any) as the Company may consider represents the appropriate provision for the Transaction Fee, which deduction shall be for the account of a Sub-Fund. To the extent that the Cash Redemption Component is insufficient to pay such Transaction Fee payable on such redemption, the Participating Dealer shall promptly pay the shortfall in the respective currency of each Sub-Fund or Class to or to the order of the Company and the Company shall not be obliged to deliver (and shall have a general lien over) the Redemption Securities until such shortfall is paid in full to or to the order of the Company. The Redemption Price for the Redemption Unit shall be based on forward pricing which means that the Redemption Price of the Shares shall not be ascertainable at the time of request to redeem the Redemption Unit.

*Procedures for redemption of Shares in-kind*

- 79. If you have applied to subscribe for Shares in-kind on any Dealing Day, you will not be entitled to redeem the Shares to be issued to you until after the Settlement Date in respect of that Dealing Day. If you wish to redeem Shares in-kind, you must approach a Participating Dealer to do so on your behalf. The Participating Dealer may require you to complete a form. In addition, the Participating Dealer may request that you make certain representations or enter into agreements with respect to the order, for example, to provide for payments of cash, when required. You should be aware that your broker or dealer may not have executed a Participant Agreement and that, therefore, your broker or dealer would have to place orders to redeem Shares through a Participating Dealer that has entered into a Participant Agreement. In such cases, you may have to pay additional charges. At any given time, there may be only one or a limited number of Participating Dealers through whom you may submit Redemption Requests.
- 80. Redemption Requests received from Participating Dealers and accepted by the Registrar on or before the Dealing Deadline on each Dealing Day (i.e. 5.30 pm (Singapore time) or such other time as the Company may determine) will be processed at that Dealing Day's Redemption Price as calculated in accordance with paragraph 78 of this Prospectus. Redemption Requests received from Participating Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Registrar on or before the Dealing Deadline for the next Dealing Day. If you place an order to redeem Shares, you should afford sufficient time for the order to be properly submitted by the Participating Dealers to the Registrar prior to the Dealing Deadline on the relevant Dealing Day.
- 81. The Index Securities and (if representative sampling is adopted) non-Index Securities comprising the Redemption Basket ("**Redemption Securities**") distributable and the Cash Redemption Component payable (less any amount set-off pursuant to paragraph 78) to the Participating Dealer in respect of the redemption of Shares may be transferred or paid sooner



but shall, subject to the provisions of paragraphs 90 and 91 of this Prospectus, be distributable and payable on the Settlement Date in accordance with paragraph 82 provided that the Company shall have received the Redemption Request duly signed (to the satisfaction of the Company) by such Participating Dealer, and provided further that the Shares, which are the subject of the Redemption Request, have been delivered in accordance with paragraph 82 and the full amount of the Cash Redemption Component (if negative) and any Duties and Charges and the Transaction Fee payable have been deducted and set-off or otherwise paid in full. For the purposes of this paragraph 81, the Shareholder on whose behalf a redemption application is made by a Participating Dealer hereby authorises (i) the transfer of the Redemption Securities by book entry to the designated stock account and (ii) the payment of the Cash Redemption Component by book entry payment to the designated cash account or by telegraphic transfer to a bank account in the name or to the order, in each case, of that Participating Dealer by or through whom that Redemption Request was made. The Cash Redemption Component shall be paid in the respective currency of each Sub-Fund or Class and, if paid by telegraphic transfer, shall be paid to such bank account(s) determined by the Company.

82. Where Shares are to be redeemed on any Settlement Date, but subject as provided in paragraphs 90 and 91, the Company shall proceed to effect any sales of investments necessary to provide the cash required to pay the Cash Redemption Component (if applicable) and notify the Registrar that those Shares are to be redeemed and cancelled. In such event (but subject as provided below) the Sub-Fund(s) shall be reduced by the cancellation of those Shares on that Settlement Date (or such later date as may from time to time be determined by the Company) and the Company shall transfer the applicable Redemption Securities out of the Sub-Fund Assets to or to the order of the Participating Dealer through which the redeeming Shareholder made his Redemption Request and shall pay the Cash Redemption Component (with such deductions as are permitted under this Prospectus) to the relevant Shareholder within two (2) Dealing Days after the relevant Dealing Day, or such other number of Dealing Days after the relevant Dealing Day as may be determined by the Company. Notwithstanding the foregoing, no Redemption Securities shall be delivered and no Cash Redemption Component shall be paid unless Shares, the subject of the Redemption Request, have been delivered to the Company for redemption by such time on the Settlement Date as the Company shall for the time being prescribe for such Redemption Request. The Company may at its discretion extend the settlement period, such extension to be on such terms and conditions (including as to the payment of any fees it may determine to represent the administrative costs involved in extending the Settlement Date) as the Company may determine. If Shares are not delivered to the Company for redemption in accordance with the foregoing: (i) the Redemption Request shall be deemed never to have been made (except that the Transaction Fee therefor shall remain due and payable) and (ii) the Company may, but shall not be bound to, charge the Shareholder's Participating Dealer (for the account of the Sub-Fund(s)) a cancellation fee of such amount as it may from time to time determine to represent the administrative costs involved in processing the Redemption Request, purchasing and/or selling any investments and redelivering any Shares, and any losses arising in respect of the Sub-Fund's sale and purchase of investments and any interest costs incurred by the Sub-Fund(s) in connection with such failed redemption. In addition, the Company may, but shall not be bound to, require the Shareholder's Participating Dealer to pay to the Company for the account of the Sub-Fund(s) in respect of each Share, the subject of the Redemption Request, the amount (if any) by which the Redemption Price of each such Share on the relevant Dealing Day is less than the Subscription Price which would have applied in relation to each such Share as if the Company had received on the date on which such Shares were to be redeemed an application from such

Shareholder's Participating Dealer for the creation of such Shares in accordance with the provisions of this Prospectus.

83. The Cash Redemption Component of a Redemption Unit is the difference between the Redemption Price of the Redemption Unit calculated in accordance with paragraph 78 of this Prospectus and the Value of the Index Securities and (if representative sampling is adopted) non-Index Securities constituting a Redemption Basket.

*Acceptance of orders for redemption of Redemption Unit aggregations*

84. To be effective, a Redemption Request:
- (i) must be given to the Company by a Participating Dealer in accordance with the relevant Participant Agreement;
  - (ii) must specify the (round) number of Redemption Unit aggregations the subject of the Redemption Request; and
  - (iii) may not be in respect of Shares other than as comprising a Redemption Unit aggregation.
85. A Redemption Request once given cannot be revoked or withdrawn without the consent of the Company.
86. The Company may from time to time in its absolute discretion substitute an amount of cash to replace any Index Security and (if representative sampling is adopted) non-Index Security comprised in a Redemption Basket in connection with a request to redeem any Redemption Unit aggregation. If the Company exercises such discretion, the cash in lieu amount shall be equal to the Value of such substituted Index Securities or (if representative sampling is adopted) non-Index Securities and shall comprise part of the Cash Redemption Component and each such substituted Index Security or (if representative sampling is adopted) non-Index Security shall be deemed not to be a Redemption Security comprising part of the Redemption Basket. The Company shall be entitled in its discretion to charge (for the account of the Sub-Fund(s)) to the applicant of any Shares for which cash is paid in lieu of delivering any Redemption Securities such additional sum it may consider represents the appropriate provision for Duties and Charges.

Limits on redeeming Shares in cash and in-kind

87. The Company shall be entitled to limit the total number of Shares which Shareholders are entitled to redeem on a Dealing Day to ten per cent. (10%) (or such higher percentage as the Company may determine in any particular case) of the total number of Shares in issue (disregarding any Shares which have been agreed to be issued), such limitation to be applied (subject as provided in the last sentence of this paragraph) pro rata to all Participating Dealers who have validly requested redemptions to be effected on such Dealing Day so that the proportion redeemed of each holding so requested to be redeemed is the same for all Participating Dealers. Any Shares which, by virtue of the powers conferred on the Company hereby, are not redeemed in respect of a particular Dealing Day (a "**first relevant Dealing Day**") shall be carried forward for redemption (subject to any further application of the provisions of this paragraph) on the Dealing Day next following the first relevant Dealing Day (such Dealing

Day shall be referred to as a "**second relevant Dealing Day**"). The Company will inform the Participating Dealers of Shares the redemption of which has been deferred within one Business Day after the first relevant Dealing Day and that (subject as aforesaid) they shall be redeemed on the second relevant Dealing Day. If on the second relevant Dealing Day the Company shall decide to apply the limitation described in the first sentence of this paragraph, Shares the subject of redemption requests first carried forward from the first relevant Dealing Day shall then (subject to the application of such limitation) be redeemed in priority to Shares the subject of redemption requests received on the second relevant Dealing Day, and such second relevant Dealing Day shall be treated as the first relevant Dealing Day for Shareholders whose redemption requests are to be carried forward hereunder after such second relevant Dealing Day.

88. Where any applications or requests for subscription, creation or redemption of Shares in cash or in-kind are submitted by a Participating Dealer for its own account, Sections X and XI of this Prospectus shall apply with the necessary modifications to such applications or requests as if they were submitted by the Participating Dealer as Participating Dealer on behalf of itself as applicant for or Shareholder of the Shares.

## **XII OBTAINING PRICES OF SHARES**

89. The Subscription Price and Redemption Price of Shares will be available on the Business Day following each Dealing Day. You may check such prices on the Manager's website at [www.nikkoam.com.sg](http://www.nikkoam.com.sg).

## **XIII SUSPENSION OF DEALINGS**

90. Subject to the provisions of the CIS Code, the Company may at any time suspend the creation, issue and/or redemption of Shares of a Sub-Fund and/or delay the payment of any monies and distribution of any Redemption Securities in respect of any such creation, issue and/or redemption during any of the following periods:
- (a) any period when the SGX-ST is closed;
  - (b) any period when dealings of the Shares on the SGX-ST are restricted or suspended;
  - (c) any period when settlement or clearing of securities in CDP is disrupted;
  - (d) the existence of any state of affairs as a result of which delivery of Index Securities or (if representative sampling is adopted) non-Index Securities comprised in a Deposit Basket or Redemption Basket or disposal of investments for the time being comprised in the Sub-Fund Assets cannot, in the opinion of the Company, be effected normally or without prejudicing the interests of Shareholders;
  - (e) any period when, in the opinion of the Company, funds cannot be normally remitted from the Sub-Fund Assets without prejudicing the interests of Shareholders;
  - (f) any period when the Index of a Sub-Fund is not compiled or published;
  - (g) any breakdown in the means normally employed in determining the Value of a Sub-Fund Asset or Class or a Sub-Fund Liability or Class or when for any other reason the

Value of any investment or other property for the time being comprised in the Sub-Fund Assets or Class or Sub-Fund Liability or Class cannot be promptly and accurately ascertained;

- (h) any 48 hours (or such longer period as the Company may determine) prior to the date of any meeting of Members of the Company, a Sub-Fund or the relevant Class, or any adjourned meeting thereof;
  - (i) any period when the business operations of the Company or the Manager in relation to the operations of the Sub-Fund(s) are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God;
  - (j) any period when the dealing of Shares is suspended pursuant to any order or direction issued by the Authority; or
  - (k) such circumstances as may be required under the provisions of the CIS Code.
91. Such suspension (which expression shall include the aforesaid right to delay payment) shall take effect forthwith upon the declaration thereof by the Company and thereafter there shall be no creation or issue of Shares, and/or (as the case may be) no redemption of Shares and/or transfer of the Redemption Securities and payment of the Cash Redemption Component or cash Redemption Price in respect of any such redemption until the Company shall declare the suspension at an end, except that subject to the provisions of the CIS Code, the suspension shall terminate as soon as practicable when (a) the condition giving rise to the suspension shall have ceased to exist and (b) no other condition under which suspension is authorised under the Constitution shall then exist, and in any event, within 21 days of the commencement of the suspension. The period of suspension may be extended if the Directors are satisfied that it is in the best interest of the Shareholders for the dealing in Shares to remain suspended. Such extension should be subject to weekly review by the Directors. Each declaration by the Company pursuant to paragraph 90 shall be consistent with such official rules, regulations, codes and guidelines, if any, relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Sub-Fund(s) and as shall be in effect at the time. To the extent not inconsistent with such official rules, regulations, codes and guidelines, and subject to the foregoing provisions hereof, the declaration of the Company shall be conclusive. During any such suspension by reason of any of the circumstances set out in paragraphs 90(a) to (k) above, the calculation of the Value of a Sub-Fund Asset and each Share (including the Subscription Price and Redemption Price) may also be suspended and the Company shall be under no obligation to rebalance or adjust such Sub-Fund Asset, in either case at the discretion of the Company. The Company shall publish the fact that the calculation of the Net Asset Value and each Share is suspended immediately following such suspension and at least once a month during the period of such suspension in such newspaper or newspapers in Singapore (if required) or elsewhere as the Company may from time to time think fit.
92. Any Participating Dealer may at any time after such a suspension has been declared and before termination of such suspension withdraw any redemption request or any application for the issue of Shares by notice in writing to the Company. If no such notification of the withdrawal of any such request or application has been received by the Company before termination of such suspension, the Company shall, subject to and in accordance with the provisions of the

Constitution, redeem Shares in respect of which the Company has received a valid Redemption Request and the Company shall consider applications for the issue of Shares as at the Dealing Day or (in the case of redemptions or issue of Shares in cash) the Cash Dealing Day next following the termination of such suspension. In addition, the period for distributing any proceeds the distribution of which has been delayed pursuant to the suspension shall be extended by a period equal to the length of the period of the suspension.

#### **XIV PERFORMANCE OF THE SCHEME**

93. The performance of each Sub-Fund is set out in the relevant Appendix of this Prospectus.

94. The benchmark against which the performance of each Sub-Fund will be measured is set out in the relevant Appendix of this Prospectus.

95. Expense ratio

The expense ratio of each Sub-Fund or Class is set out in the relevant Appendix of this Prospectus.

96. Turnover ratio

The turnover ratio of each Sub-Fund is set out in the relevant Appendix of this Prospectus.

#### **XV SOFT DOLLAR COMMISSIONS/ARRANGEMENTS**

97. In its management of the Sub-Fund(s), the Manager, the Directors and their respective Associates currently do not receive or enter into any soft dollar commissions or arrangements, including any part of any brokerage charged to the Sub-Fund(s), or any part of any fees, allowances or other benefits received on purchases charged to the Sub-Fund(s).

#### **XVI CONFLICTS OF INTEREST**

98. The following inherent or potential conflicts of interest should be considered by prospective investors before investing in the Company. Where any potential conflict of interest arises, the Directors and the Manager will endeavour to ensure that any such conflict is resolved in a fair and equitable manner and in the best interest of the Company and its Shareholders.

(a) The Directors, the Fund Administrator, the Custodian, the Manager, the Investment Advisor and other service providers or their respective agents, delegates or associated parties may engage in or possess an interest in other business ventures of every kind and description, including (i) investments for their own account in securities held by the Company from time to time (save and except for the Manager); or (ii) investment advisory or supervisory services with respect to securities or other types of financial investments. Each of the parties will ensure that the performance of their respective duties will not be impaired by any such involvement. If a conflict of interest does arise, the parties will endeavour to ensure that it is resolved fairly and equitably and in the interest of the Company or the relevant Sub-Fund(s). Moreover, each of them will devote to the Company or the relevant Sub-Fund(s), as the case may be, only so much of their time as they deem necessary or appropriate in connection with the activities of the Company or the relevant Sub-Fund(s) (as the case may be).

- (b) The Directors, the Fund Administrator, the Custodian, the Manager, the Investment Advisor may from time to time act as directors, administrator, registrar, secretary, custodian, cash custodian, manager or investment adviser or carry out other functions as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Company or the relevant Sub-Fund(s). Any of them may, in the course of business, have potential conflicts of interest with the Company or the relevant Sub-Fund(s). Each will, at all times give due regard in such event to its obligations to the Company and the relevant Sub-Fund(s) and will endeavour to ensure that such conflicts are resolved fairly. To the extent that there are similar investment objectives, the Manager will, as far as practicable, endeavour to have the same securities holdings for such overlapping areas with such securities allocated on a fair and equitable basis among the relevant funds.
- (c) The Directors, the Fund Administrator, the Custodian, the Manager, the Investment Advisor and their respective affiliates, delegates and their key personnel may, in certain circumstances, take positions in accounts of other clients opposite to those taken in relation to a Sub-Fund and/or take positions in accounts of other clients which involve conflicts or potential conflicts with positions taken by such Sub-Fund. These positions could adversely affect the performance of investments held by a Sub-Fund. Subject to the investment strategy adopted by a Sub-Fund as specified in the relevant Appendix, the Manager may also decline to make an investment for a Sub-Fund out of concern that such investment might harm another client of the Manager, the Directors or any of their respective affiliates or key personnel. Nonetheless in the context of a Sub-Fund which adopts a Representative Sampling Strategy, such Sub-Fund may not necessarily have to invest into the underlying constituents of the Index as it may still achieve its investment objective and strategy by holding securities that need not be constituents of the Index.
- (d) To the extent permitted by applicable law, the Manager and/or any of its affiliates or delegates may have a monetary or non-monetary interest in the transactions and/or a potential conflict of interest including the fact that the Manager and/or its affiliates or delegates may provide services to other parties in the same transactions and in turn earn profits from such services, including without limitation, investment management and advisory services, brokerage services, marketing services, providing research reports, consultancy services, acting in the same transactions as agent for more than one customer, and none of the Manager and its affiliates and delegates shall be liable to account for any profits earned from any aforementioned transactions, provided that such transactions are conducted on an arm's length basis.
- (e) Without limiting the generality of the forgoing paragraph (d), to the extent permitted by applicable law and the Code, the Manager may enter into portfolio transactions for or with the Company (for the purpose of a Sub-Fund) either as agent, in which case it may receive and retain brokerage commissions, or as principal with the Company (for the purpose of a Sub-Fund) provided that such transactions are carried out as if effected on normal commercial terms negotiated on an arm's length basis, consistent with best execution standards and subject to such commissions being charged at rates which do not exceed customary full service brokerage rates.
- (f) The Manager may share with any other person (including, but not limited to, any investor or any person introducing investors) any fees and other benefits to which it is entitled to

receive from the Company or a Sub-Fund. The Manager and the Investment Advisor and any person connected with it, including any shareholder, director, officer and employee of the Manager or its associated companies, may invest in a Sub-Fund, and the Manager may allow to any such person a reduction or rebate of any fees to which the Manager is entitled.

- (g) The Manager may manage other funds (as set out in paragraph 7 above) and/or accounts and will remain free to provide such services to additional funds and accounts, including for their own accounts, in the future. The Manager may vary the investment strategies employed on behalf of a Sub-Fund from those used for itself and/or for other clients. No assurance is given that the results of the trading by the Manager on behalf of a Sub-Fund will be similar to that of other funds and/or accounts concurrently managed by the Manager. It is possible that such funds and accounts and any additional funds and accounts to which the Manager in the future provides such services may compete with a Sub-Fund for the same or similar positions in the markets. Where the Manager is managing or advising other funds or accounts with similar investment policies to a Sub-Fund, it will ensure that appropriate investment opportunities are allocated on a fair and equitable basis between the Sub-Fund and such other funds or accounts. The Manager may make a purchase or sale decision on behalf of some or all of the other funds managed by the Manager without making the same decision on behalf of a Sub-Fund, as a decision whether or not to make the same investment or sale for the Sub-Fund depends on factors such as the cash availability and portfolio balance of the Sub-Fund. However, the Manager will use its reasonable endeavours at all times to act fairly and in the best interests of the Sub-Fund. In particular, after taking into account the availability of cash and the relevant investment guidelines of the other funds managed by the Manager and the Sub-Fund, the Manager will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the other funds managed by the Manager and the Sub-Fund. The Manager may also transact on the Sub-Fund's behalf with its affiliates. The Manager intends to deal with any conflicts of interests in a manner consistent with any applicable guidelines which may be issued from time to time by the Investment Management Association of Singapore.
- (h) The Directors may also hold or may assume directorships or equivalent positions in other funds or entities (including the Manager's related corporations). Therefore, they may be put in a position where their duties to act in the best interests of the funds or entities in which they hold directorships (or equivalent positions) may conflict. In dealing with any potential conflicts of interest, the Directors are obliged to act in the best interest of the Company and each Sub-Fund as a whole, pursuant to their duties imposed by the Act as well as any other duties mandated by common law. The Directors will ensure that the performance of their respective duties will not be impaired by any such involvement and that any such activities will be conducted on an arm's length basis. If a conflict of interest does arise, the Directors will endeavour to ensure that it is resolved fairly and in the interest of the Shareholders.
- (i) A Director may be a party to, or otherwise interested in, any transaction or arrangement with a Sub-Fund, or in which a Sub-Fund is otherwise interested. The Director will not be liable to account to a Sub-Fund for any profit he derives from such a transaction or arrangement provided the nature and extent of any material interest has been disclosed to the other Directors and that the Director acts in the best interest of a Sub-Fund, pursuant to the duties imposed by the Act as well as any other duties mandated by

common law. Save as disclosed in this Prospectus, no Director has any interest, direct or indirect, in the promotion of, or in any assets which are proposed to be acquired, disposed of by or leased to, a Sub-Fund. Save as disclosed in this Prospectus, no Director has a material interest in any contract or arrangement entered into by a Sub-Fund which is unusual in nature or conditions or significant in relation to the business of such Sub-Fund, nor has any Director had such an interest since the Company was incorporated. To the extent that a Director has a personal material interest in any contract or arrangement directly or indirectly, such Director may not vote on such contract or arrangement.

- (j) The Fund Administrator, the Custodian and/or their respective Connected Persons may contract with or enter into any financial banking or other transaction with the Company (for the purpose of a Sub-Fund), any Shareholder or any company or body whose assets are held by or on behalf of the Sub-Fund. The Fund Administrator, the Custodian and/or their respective Connected Persons may deal, as principal or agent, with the Company (for the purpose of a Sub-Fund) if such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis. In addition, any of the foregoing may own Shares and hold, dispose or otherwise deal with the Shares as well as hold or deal in any investments notwithstanding that similar investments may be held by or on behalf of the Sub-Fund. The Fund Administrator, the Custodian and their respective Connected Persons shall not be liable to account to any person for any profits or benefits made or derived by them in connection with any such transaction.
- (k) The Directors, the Manager and its associated companies may, from time to time, acting on an arm's length basis, receive fees from portfolio companies for structuring, negotiating documentation, monitoring and administering of the facilities and securities of the portfolio companies.
- (l) Each Sub-Fund bears its own expenses. However, common expenses will be incurred on behalf of a Sub-Fund and one or more other clients. The Manager will seek to allocate those common expenses among the Sub-Fund(s) and the other clients in a manner that is fair and equitable over time. However, expense allocation decisions will involve potential conflicts of interest (e.g., conflicts relating to different expense arrangements with certain clients). The Manager may use a variety of methods to allocate common expenses among the Sub-Fund(s) and the other clients, including methods based on assets under management, relative use of a product or service, the nature or source of a product or service, the relative benefits derived by the Sub-Fund(s) and the other clients from a product or service, or other relevant factors. Nonetheless, because the Manager's expense allocations often depend on inherently subjective determinations, the portion of a common expense that the Manager allocates to the Sub-Fund(s) for a particular product or service may not reflect the relative benefit derived by such Sub-Fund(s) from that product or service in any particular instance.
- (m) In respect of voting rights relating to any Index Securities where the Manager may face a conflict between its own interest and that of the Shareholders, the Manager shall cause such voting rights to be exercised in consultation with the Directors.
- (n) Only the holder of the Management Shares may vote on the appointment and removal of the Directors in accordance with the Constitution while the Company acting through its Directors may terminate the appointment of the Manager in accordance with the



Management Agreement. These matters do not require and are not subject to the approval of holders of Participating Shares. Nonetheless, should the Directors fail to terminate the appointment of the Manager, the Company may still do so in accordance with the Management Agreement by way of the holders of Participating Shares requisitioning a general meeting of the Company and passing a Special Resolution in accordance with the Constitution and the Act. Approval of the holders of Participating Shares by Special Resolution is also necessary in order for the Company to appoint another corporation to act as the manager of the Company in the event that the Manager shall retire or be removed or its appointment shall otherwise terminate.

- (o) The Manager is part of a financial group, and the Manager and its affiliates provide the full suite of financial services to clients, and act simultaneously for a number and range of clients with various interests, requirements and positions.
- (p) The Manager is of the view that it is not in a position of conflict in managing its other funds as these funds and the Sub-Fund have different investment universes and investment restrictions. To the extent that there are overlapping investment objectives, the Manager will, as far as practicable, endeavour to have the same securities holdings for such overlapping areas with such securities allocated on a pro-rata basis among the relevant funds. The Manager will conduct all transactions with or for the Sub-Fund at arm's length.
- (q) The Manager and the Investment Advisor and their Connected Persons may:
  - (i) purchase, hold, deal in or dispose of Shares in any Sub-Fund for their own account;
  - (ii) contract or enter into any financial, banking, insurance, brokerage or other transaction with one another, Shareholders, Participating Dealers or any corporation or body any of whose securities form part of the Sub-Fund Assets, make profits from such contracts or other transactions and be interested in any such corporation or body; and
  - (iii) invest in and deal with securities or any property of the kind included in the Sub-Fund Assets or any other investments for their respective individual accounts or for the account of a third party or enter into contracts or other arrangements with one another and make profits from these activities.

## **XVII REPORTS**

- 99. The Company's financial year ends on 31 December in each year.
- 100. Shareholders may obtain electronic copies of the annual accounts of the Company, reports of the auditors on the annual accounts of the Company and the annual reports of the Company for the relevant financial year (collectively, the "**Reports**"), once available, from the Manager's website at [www.nikkoam.com.sg](http://www.nikkoam.com.sg). The Reports will be made available on the Company's website within three (3) months of the financial year-end of the Company and will remain on the Manager's website for at least 12 months from the date of posting on the Manager's website. The Reports will also be made available on SGXNET. Printed copies of the Reports are not sent to Shareholders. However, Shareholders who would like to receive printed copies of the Reports may submit the relevant request to the Company.

101. Shareholders may obtain electronic copies of the semi-annual report and semi-annual accounts of the Company (collectively, the "**Semi-Annual Reports**"), once available, from the Manager's website at [www.nikkoam.com.sg](http://www.nikkoam.com.sg). The Semi-Annual Reports will be made available on the Manager's website within two (2) months of the end of the period covered by the relevant report and accounts and will remain on the Manager's website for at least 12 months from the date of posting on the Manager's website. The Semi-Annual Reports will also be made available on SGXNET. Printed copies of the Semi-Annual Reports are not sent to Shareholders. However, Shareholders who would like to receive printed copies of the Semi-Annual Reports may submit the relevant request to the Company.

## **XVIII QUERIES AND COMPLAINTS**

102. You may call the telephone number 1800 535 8025 to reach the Company to raise any queries or make any complaints.

## **XIX OTHER MATERIAL INFORMATION**

103. Book-entry Securities

Shares will be deposited, cleared and settled by the CDP. Shares are held in book-entry form, which means that no Share certificates are issued. CDP or its nominee is the registered owner (i.e. the sole Shareholder on record) of all outstanding Shares deposited with the CDP and is therefore recognised as the legal owner of such Shares. Investors owning Shares are beneficial owners as shown on the records of CDP or the Participating Dealers (as the case may be).

104. Shares' Trading Prices and Designated Market Makers

The trading prices of Shares on the SGX-ST may differ in varying degrees from their daily NAV and can be affected by market forces such as supply and demand, economic conditions and other factors.

105. It is the intention of the Company to assist in the creation of liquidity for investors and the Manager has appointed the Designated Market Makers before the listing of any Sub-Fund to maintain a market for the Shares. Shares may be purchased from and sold to the Designated Market Makers. However, there is no guarantee or assurance as to the price at which a market will be made. You may obtain a list of appointed Designated Market Makers from the Company. In maintaining a market for Shares, the Designated Market Makers may realise profits or sustain losses in the amount of any differences between the prices at which they buy Shares and the prices at which they sell Shares. Any profit made by the Designated Market Makers may be retained by them for their absolute benefit and they shall not be liable to account to the Company in respect of such profits.

106. Additional Listing

The Company may seek a listing of the Shares on any other internationally recognised regulated stock or investment exchange or marketplace having regard to such factors as commercial viability of the proposed listing, legal and regulatory readiness of the market concerned, prevailing market environment, operational requirements and market development. Any costs associated with any such listing will be funded out of the Sub-Fund Assets.

107. Distributions

The Company shall have the absolute discretion to determine whether a distribution is to be made. The distribution policy for each Sub-Fund (if any) is set out in the relevant Appendix of this Prospectus.

Taxation Considerations

108. As with any investment, you should consider how your investment in Shares will be taxed. The tax information in this Prospectus is provided as general information and does not constitute tax or legal advice. You should consult your own tax advisers about the tax consequences of an investment in Shares.

*Singapore Tax*

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

The Singapore income tax comments herein are based on the details of the tax incentive scheme released by the Authority in its relevant circulars issued from time to time. The relevant legislative provisions applicable are contained in Section 13O of the Income Tax Act 1947 ("**Income Tax Act**") and the Income Tax (Exemption of Income of Approved Companies Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 gazetted on 7 January 2010 and subsequently amended on 20 July 2012, 11 October 2013 and 1 August 2016 (hereinafter referred to as the "**Section 13O Tax Exemption Scheme**"). It should be noted that the changes announced during the Singapore Budget 2019 and 2022 on 18 February 2019 and 18 February 2022 respectively, further details of which were released in the MAS circulars dated 7 June 2019 and 19 September 2022, have yet to be legislated. The Variable Capital Companies (Miscellaneous Amendments) Act 2019 which comprises amendments to the Income Tax Act, dealing with the tax treatment for variable capital companies (VCCs), was enacted on 15 January 2020. On 15 January 2020, the Income Tax Act was amended to add a new Section 107 which states that reference to a company in the Income Tax Act and the subsidiary legislation made under it includes a VCC.

***Income Tax***

Singapore income tax is imposed on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to have been received in Singapore, subject to certain exemptions.

110. Taxation of the Company

The Company has been approved by the Authority as an "approved company" under Section 130 of the Income Tax Act for the purpose of the Section 130 Tax Exemption Scheme.

**Section 130 Tax Exemption Scheme**

Under the Section 130 Tax Exemption Scheme, "specified income" derived by an "approved company" in respect of "designated investments" is exempt from tax in Singapore, if the funds of the "approved company" are managed directly by a "fund manager" in Singapore and the prescribed conditions under the Section 130 Tax Exemption Scheme are met.

Pursuant to Section 107 of the Income Tax Act, Section 130 and the regulations made under it apply for the purpose of determining the exempt income of a sub-fund if and only if the umbrella VCC of the sub-fund is approved by the Minister or a person appointed by the Minister under that section.

The Company should qualify as an "approved company" for the purpose of the Section 130 Tax Exemption Scheme, if it is approved by the Authority and satisfies the following conditions at all times during the basis period relating to any year of assessment:

- (a) is a company incorporated in Singapore;
- (b) is a tax resident of Singapore where the control and management of its business is exercised in Singapore;
- (c) uses a Singapore-based fund administrator;
- (d) is managed or advised directly by a Singapore "fund manager";
- (e) incurs at least S\$200,000 in expenses in each basis period relating to any year of assessment;
- (f) is not used to serve other investment purposes apart from what it is approved for under the Section 130 Tax Exemption Scheme;
- (g) satisfies any other condition as specified in the letter of approval of the Company for the purpose of the Section 130 Tax Exemption Scheme;
- (h) did not derive income from investments which have been transferred (other than by way of a sale on market terms and conditions) from a person that was previously carrying on a business in Singapore, where the income derived by that person would not have been tax-exempted if not for their transfer; and
- (i) any other conditions specified in the letter of approval issued by the Authority.

With effect from 19 February 2019, the Company is allowed to derive the following income before application for the Section 130 Tax Exemption Scheme:

- i. warehousing of investments, which means acquiring investments at the initial stage of the Company's existence, prior to closing the Company;

- ii. setting up bank accounts in anticipation of commencing operations; and
- iii. placement of monies in deposits or money market instruments on a temporary basis before an application for the Section 13O Tax Exemption Scheme is made.

A "fund manager" for the purpose of the Section 13O Tax Exemption Scheme means a company holding a capital markets services licence for fund management under the SFA or one that is exempt under the SFA from holding such a licence. The Manager qualifies as a "fund manager" for the purpose of the Section 13O Tax Exemption Scheme.

The Manager will endeavour to conduct the affairs of the Company such that it will qualify for the Section 13O Tax Exemption Scheme. There is, however, no assurance that the Manager will be able, on an ongoing basis, to ensure that the Company will always meet all the qualifying conditions for the Section 13O Tax Exemption Scheme. Upon any such disqualification, the Company may be exposed to Singapore tax on its income and gains, wholly or partially, as the case may be, at the prevailing corporate tax rate.

The Section 13O Tax Exemption Scheme is currently available up to 31 December 2024. As long as the Company is approved as an "approved company" before 1 January 2025, the Section 13O Tax Exemption Scheme would continue to apply for the life of the Company even if the Section 13O Tax Exemption Scheme is not extended beyond this date, provided that all the prescribed conditions continue to be met.

#### ***"Specified Income"***

Unless specifically excluded, all income and gains derived on or after 19 February 2022 from "designated investments" will be considered as "specified income". Excluded income or gains are defined to be:

- (a) distributions made by a trustee of a real estate investment trust (as defined in Section 43(10) of the Income Tax Act) that is listed on the Singapore Exchange;
- (b) distributions made by a trustee of a trust who is a resident of Singapore or a permanent establishment in Singapore, other than a trust that enjoys tax exemption under Sections 13C, 13F, 13L or 13U of the Income Tax Act;
- (c) income or gain derived or deemed to be derived from Singapore from a publicly-traded partnership, where tax is paid or payable in Singapore on such income of the partnership by deduction or otherwise; and
- (d) income or gain derived or deemed to be derived from Singapore from a limited liability company, where tax is paid or payable in Singapore on such income of the limited liability company by deduction or otherwise.

#### ***"Designated Investments"***

The list of "designated investments" on or after 19 February 2022 is defined to mean:

- (a) stocks and shares of any company, other than an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (b) debt securities (i.e. bonds, notes, commercial papers, treasury bills and certificates of deposits), other than non-qualifying debt securities<sup>4</sup> issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (c) units in real estate investment trusts and exchange traded funds constituted in the form of trusts and other securities (not already covered in other sub-paragraphs of this "designated investments" list) but excludes any securities issued by any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (d) futures contracts held in any futures exchanges;
- (e) immovable property situated outside Singapore;
- (f) deposits placed with any financial institution;
- (g) foreign exchange transactions;
- (h) interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and financial derivatives relating to any designated investment specified in this list or financial index;
- (i) units in any unit trust, except:
  - i. a unit trust that invests in Singapore immovable properties;
  - ii. a unit trust that holds stock, shares, debt or any other securities, that are issued by any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development); and
  - iii. a unit trust that grant loans that are excluded under (j);
- (j) loans, including secondary loans, credit facilities and advances, except:
  - i. loans granted to any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
  - ii. loans to finance/ re-finance the acquisition of Singapore immovable properties; and

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<sup>4</sup> "Non-qualifying debt securities" will refer to debt securities that do not enjoy the "Qualifying Debt Securities" tax status as defined under Section 13(16) of the Income Tax Act.

- iii. loans that are used to acquire stocks, shares, debt or any other securities, that are issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (k) commodity derivatives<sup>5</sup>;
- (l) physical commodities other than physical investment precious metals mentioned in (z) if:
  - i. the trading of those physical commodities by the "approved company" in the basis period for any year of assessment is done in connection with and is incidental to its trading of commodity derivatives (referred to in this sub-paragraph as related commodity derivatives) in that basis period; and
  - ii. the trade volume of those physical commodities traded by the "approved company" in that basis period does not exceed 15% of the total trade volume of those physical commodities and related commodity derivatives traded in that basis period;
- (m) units in a registered business trust;
- (n) emission derivatives<sup>6</sup> and emission allowances;
- (o) liquidation claims;
- (p) structured products (as defined in Section 13(16) of the Income Tax Act);
- (q) Islamic financial products<sup>7</sup> and investments in prescribed Islamic financing arrangements under Section 34B of the Income Tax Act that are commercial equivalents of any of the other "designated investments" specified in this list;
- (r) private trusts that invest wholly in "designated investments";
- (s) freight derivatives<sup>8</sup>;
- (t) publicly-traded partnerships that do not carry on a trade, business, profession or vocation in Singapore;
- (u) interests in limited liability companies that do not carry on any trade, business, profession or vocation in Singapore;
- (v) bankers' acceptances issued by financial institutions;
- (w) accounts receivables and letters of credits;

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<sup>5</sup> Commodity derivatives means derivatives the payoffs of which are wholly linked to the payoffs or performance of the underlying commodity.

<sup>6</sup> Emission derivatives means derivatives, the payoffs of which are wholly linked to the payoffs or performance of the underlying emission allowances.

<sup>7</sup> Recognised by a Shariah council, whether in Singapore or overseas.

<sup>8</sup> Freight derivatives means derivatives, the payoffs of which are wholly linked to the payoffs or performance of the underlying freight rates.

- (x) interests in Tokumei Kumiai ("TK")<sup>9</sup> and Tokutei Mokuteki Kaisha ("TMK")<sup>10</sup>;
- (y) non-publicly-traded partnerships that:
  - i. Do not carry on a trade, business, profession or vocation in Singapore; and
  - ii. Invest wholly in designated investments specified in this list; and
- (z) physical investment precious metals, if the investment in those physical investment precious metals does not exceed 5% of the total investment portfolio, calculated in accordance with the formula  $A \leq 5\% \text{ of } B$ , where –
  - i. A is the average month-end value of the total investment portfolio in physical IPMs over the basis period; and
  - ii. B is the value of the total investment portfolio as at the last day of the basis period.

### ***Taxation of Shareholders***

Provided that the Company qualifies as an "approved company" pursuant to the Section 130 Tax Exemption Scheme, the Singapore income tax consequences to a Shareholder of the Company will, inter alia, depend on whether that Shareholder is a "qualifying investor", and such Shareholder's individual circumstances.

A "qualifying investor" of an "approved company" will not be subject to payment of a financial penalty to the Comptroller of Income Tax ("CIT") in Singapore.

A "qualifying investor" of an "approved company" is:

- a) an individual investor;
- b) a bona fide non-resident non-individual investor that:
  - i. does not have a permanent establishment in Singapore (other than a fund manager) and does not carry on a business in Singapore; or
  - ii. carries on an operation in Singapore through a permanent establishment in Singapore but does not use funds from its operation in Singapore to invest in the Company, where a bona fide non-resident non-individual investor is one, which carries out substantial business activities for genuine commercial reasons and has not as its sole purpose the avoidance or reduction of tax or penalty under the Income Tax Act;
- c) a "designated person", which means;
  - i. GIC Private Limited, as renamed from time to time;
  - ii. any of the following companies as renamed from time to time, but only if the company is wholly owned (directly or indirectly) by the Minister in the Minister's

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<sup>9</sup> A TK is a contractual arrangement under which one or more silent investors (the TK investor) makes a contribution to a Japanese operating company (the TK operator) in return for a share in the profit/loss of a specified business conducted by the TK operator (the TK business).

<sup>10</sup> A TMK is generally a type of corporation formed under Japanese law. It is a structure/ entity used for securitisation purposes in Japan. TMK was not mentioned in Annex 2 of FDD Cir 09/2019 and is now included herein for the avoidance of doubt.



capacity as a corporation established under the Minister for Finance (Incorporation) Act 1959:

- A. GIC (Ventures) Pte. Ltd.;
  - B. GIC (Realty) Private Limited;
  - C. Eurovest Pte. Ltd.;
- iii. a company that is wholly owned (directly or indirectly) by any company that is a "designated person" by reason of paragraph ii;
  - iv. any other company that is wholly owned (directly or indirectly) by the Minister in the Minister's capacity as a corporation established under the Minister for Finance (Incorporation) Act, and is approved by the Minister or such person as the Minister may appoint; or
  - v. any statutory board;
- d) another "approved company" under Section 13O of the Income Tax Act which, at all times during the basis period for the year of assessment for which the income of the first "approved company" is exempt from tax under Section 13O of the Income Tax Act satisfies the conditions in regulation 3(2) of the Income Tax (Exemption of Income of Approved Companies Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010;
  - e) an "approved person" under Section 13U of the Income Tax Act which, at all times during the basis period for the year of assessment for which the income of the "approved company" is exempt from tax under Section 13O of the Income Tax Act, satisfies the conditions in regulation 3(2) of the Income Tax (Exemption of Income Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010; or
  - f) an investor other than those listed in a), b), c), d) and e) which, either alone or together with its associates:
    - i. beneficially owns not more than 30% of the total value of issued securities of the "approved company" if the "approved company" has less than 10 investors; or
    - ii. beneficially owns not more than 50% of the total value of issued securities of the "approved company" if the "approved company" has 10 or more investors.

For the purpose of determining whether a Shareholder of the "approved company" is an associate of another Shareholder of the "approved company", the two Shareholders (except where either of the Shareholders is a "designated person" or an individual) shall be deemed to be associates of each other if:

- a) at least 25% of the total value of the issued securities in one Shareholder is beneficially owned, directly or indirectly, by the other; or

- b) at least 25% of the total value of the issued securities in each of the two Shareholders is beneficially owned, directly or indirectly, by a third person (except where the third person is an individual or a "designated person").

The "*deemed association*" tests in a) and b) above do not apply where:

- a) any of the two Shareholders is a listed entity and each does not beneficially own, directly or indirectly, at least 25% of the total value of the issued securities in the other;
- b) no third person (other than an individual or a "designated person") beneficially owns, directly or indirectly, at least 25% of the total value of issued securities of the two Shareholders and at least 25% of the total value of the issued securities in each of the two Shareholders is owned either directly by an individual or a "designated person", or indirectly through a nominee company or a trust fund by an individual or a "designated person"; or
- c) one of the Shareholders is an "approved person" under Section 13U of the Income Tax Act which, at all times during the basis period for the year of assessment for which the income of an "approved company" is exempt from tax under Section 13O of the Income Tax Act:
  - i. beneficially owns directly any of the issued securities of the "approved company"; and
  - ii. satisfies all the conditions in regulation 3(2) of the Income Tax (Exemption of Income Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010.

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

The Company, the Manager, and the Fund Administrator (on behalf of the Company) reserve the right to request such information as any of the Company, the Manager and the Fund Administrator (as the case may be) at its absolute discretion may deem necessary to ascertain whether Shareholders are associates with each other for the purposes of the Section 13O Tax Exemption Scheme.

### ***Non-qualifying investor***

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

Financial penalty = A x B x C, where:

A: is the percentage of the total value of all issued securities of the "approved company" which

is beneficially owned by the "non-qualifying investor" on the relevant day;

B: is the amount of income of the "approved company" as reflected in its audited accounts for the basis period relating to that year of assessment; and

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

Pursuant to Section 107 of the Income Tax Act, where the qualifying investor mentioned in section 13O(3) is an umbrella VCC, the amount of any financial penalty under that provision that is liable for is considered liability incurred by it for the purpose of its sub-funds, and the amount of such liability in relation to each sub-fund is to be computed in accordance with the formula

$$\frac{A}{B} \times C,$$

where —

- (a) A is the total value of issued securities held by the umbrella VCC for the sub-fund on the relevant day as defined in section 13O(8);
- (b) B is the total value of all the issued securities held by the umbrella VCC for all its sub-funds on the relevant day as defined in section 13O(8); and
- (c) C is the amount of the penalty.

The "value" in relation to issued securities of the "approved company" means the net asset value of those securities as at the relevant day.

The relevant day means the last day of the basis period for the year of assessment of the "approved company" or the last day the "approved company" avails of the Section 13O Tax Exemption Scheme.

Where the "non-qualifying investor" is a non-bona fide non-resident entity, it is not subject to the financial penalty. Instead, the CIT will "look-through" that entity. A beneficial owner of that entity (excluding a person who falls within a), b), c), d), e) and f) of the definition of a "qualifying investor") which:

- a) either alone or together with its associates, beneficially owns at least 30% (if the "approved company" has less than 10 investors) or 50% (if the "approved company" has 10 or more investors) of the total value of all equity interests of the "approved company" on the relevant day; and
- b) is not itself a non-bona fide entity;

shall be liable to pay the financial penalty in proportion to its equity interests in the "approved company".

Reference to "non-qualifying investor" in the formula for computing financial penalty as discussed above would then be replaced by reference to such beneficial owner.

The status of whether a Shareholder is a "qualifying investor" will be determined on the relevant

day. If a "non-qualifying investor" can prove to the CIT that the applicable investment limit is exceeded for reasons beyond his reasonable control, the CIT may allow him a three-month grace period from the relevant day to reduce its percentage of ownership in the "approved company" to meet the allowable investment limit.

The taxation of income derived by the Shareholders from the Company, will depend on the particular situation of the Shareholders. This is notwithstanding that the Shareholder may have paid a financial penalty to the CIT. We strongly advise that prospective investors consult their own tax advisors on the tax laws that would apply to their particular situations, in relation to the purchase, ownership and disposition of Participating Shares in the Company.

### ***Reporting Obligations***

To enable Shareholders to determine their investment stakes in the Company, in respect of any financial year of the Company, the Manager will issue an annual statement to each Shareholder of the Company, showing the following information:

- (a) the gains or profits of the Company for that financial year as reflected in the audited financial statements of the Company;
- (b) the total value of issued securities of the Company as at the relevant day;
- (c) the total value of issued securities of the Company held by the Shareholder as at the relevant day; and
- (d) whether the Company has less than 10 investors as at the relevant day.

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

The Manager is required to submit a declaration to the CIT within one month after the date of issue of the audited accounts of the Company, where there are "non-qualifying investors" and furnish the CIT with the details of any such "non-qualifying investors".

In this regard, Shareholders should note that they are each responsible for:

- i. the computation of the aggregate of the value of Shares held by them and their associates in the Company and may be required by the Manager to disclose such computation to the Manager from time to time; and
- ii. where they are determined to be a "non-qualifying investor", declaring the financial penalty paid in their Singapore annual income tax return for the relevant year of assessment based on the year-end of the Shareholder.

Each Shareholder should also note that it agrees that the Company, the Manager and the Fund Administrator may disclose to each other, to any other service provider to the Company, or to any regulatory body in any applicable jurisdiction copies of their Subscription Agreement and any information concerning them and their associates provided by them to the Company, the

Manager, or the Fund Administrator, and any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.

Where the Company has been approved as an "approved company" for the purpose of the Section 13O Tax Exemption Scheme, it will be required to submit an annual income tax return to the Inland Revenue Authority of Singapore. Additionally, the Company will be required to submit annual declaration to the Authority within four (4) months of each financial year-end.

In the instance of an umbrella VCC, the umbrella VCC (and not its sub-funds) should ensure that the above reporting obligations are met at the umbrella VCC level.

#### Section 10L

Under Section 10L of the Income Tax Act 1947, despite anything in the Income Tax Act 1947, gains from the sale or disposal by an entity of a relevant group of any movable or immovable property (including shares and equity interests) situated outside Singapore at the time of such sale or disposal or any rights or interest thereof (collectively, "**foreign assets**") that are received in Singapore from outside Singapore, are treated as income chargeable to tax under Section 10(1)(g) of the Income Tax Act 1947 for the year of assessment relating to the basis period in which the gains are received in Singapore.

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

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

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

A fund under the Section 13O tax incentive scheme will automatically be regarded as meeting the economic substance requirement for the basis period covered by the annual declaration if the fund submits an annual declaration to MAS and meets the qualifying criteria for the scheme.

Should the Company be an entity of a relevant group and the economic substance requirement is not met, the Company would fall under the ambit of Section 10L of the Income Tax Act 1947 and in this regard, any gains on disposal of foreign assets received in Singapore will be construed as "gains or profits of an income nature" liable to tax under Section 10(1)(g) of the Income Tax Act 1947 at the prevailing income tax rate, currently 17%.

111. Disposal or redemption of Shares

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

Shareholders who have adopted Financial Reporting Standard 109 – Financial Instruments (“**FRS 109**”) or its equivalent under the Singapore Financial Reporting Standard International (“**SFRS(I)**”) for financial reporting purposes may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on Shares, irrespective of disposal.

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

112. General Meetings

Shareholders’ meetings may be convened by the Directors or by Shareholders representing at least 10% of the Shares in issue in accordance with the Act and the Constitution, on not less than 21 calendar days’ notice (exclusive of the date of the notice and the date of the meeting) in respect of a meeting where a Special Resolution is to be proposed and 14 calendar days’ notice (exclusive of the date of the notice and the date of the meeting) in respect of a meeting where an Ordinary Resolution is to be proposed.

The voting rights conferred to the Participating Shareholders can be found in paragraphs 2, 2A and 2B of this Prospectus.

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

113. Amendments to Constitution

Subject to the Constitution, this Prospectus and the Act, the Company may at any time and from time to time by Special Resolution alter or amend the Constitution in whole or in part.

Notwithstanding the above, the Directors may, without approval of the Shareholders, by Board Resolutions alter the following in the Constitution:

- (a) any alteration for the purpose of establishing a Sub-Fund;
- (b) any alteration to reflect any appointment or change of the Manager;

- (c) any alteration that does not prejudice the interests of any Member, and does not release to any material extent the Manager or any Director from any responsibility to the Members;
- (d) any alteration that is necessary for the purpose of complying with any order of court, law, direction of a public authority, code of conduct or other quasi-legislation; and
- (e) the removal of an obsolete provision or the correction of any manifest error.

114. Indemnities in favour of Manager

The Management Agreement contains the duties and responsibilities of the Manager. It requires amongst other, that the Manager uses its best endeavours to (a) carry on and conduct its business in proper and efficient manner and (ii) ensure that each Sub-Fund is carried on and conducted in a proper and efficient manner.

The Manager shall not be exempted from any liability to the Company for losses due to its gross negligence, wilful default or fraud or that of its officers or employees, nor may it be indemnified against such liability by the Company. The Management Agreement includes certain exclusions of liability and indemnities in favour of the Manager, other than in respect of the Manager's gross negligence, wilful default, fraud or bad faith.

115. Termination of the Company or any Sub-Fund or any Class

The Company and each Sub-Fund are of indeterminate duration and shall continue until the Company or any Sub-Fund is wound up in accordance with the Act and the Constitution.

The Company and each of its Sub-Fund(s) may be terminated at any time by the Directors in their absolute discretion by notice in writing to the Shareholders if:-

- (a) on any date, the aggregate Net Asset Value of the Shares of all Sub-Funds is less than S\$100 million (or its equivalent in any other currency); or
- (b) any law or regulation is passed or amended or any regulation directive or order is imposed that affects the Company and which renders the Company illegal, impracticable or inadvisable in the opinion of the Directors to continue.

Any Sub-Fund and/or Class may be terminated by the Directors in their absolute discretion by notice in writing to the relevant Shareholders if:

- (a) on any date, the aggregate Net Asset Value of all the Shares in the relevant Sub-Fund or any Class is less than S\$100 million (or its equivalent in any other currency);
- (b) any law or regulation is passed or amended or any regulation directive or order is imposed that affects a Sub-Fund and which renders such Sub-Fund illegal, impracticable or inadvisable in the opinion of the Directors to continue;
- (c) the Shares of the relevant Sub-Fund cease to be listed on the SGX-ST;
- (d) the Authority revokes or withdraws the authorisation of the Sub-Fund under Section 286 of the Securities and Futures Act;

- (e) the Index of a Sub-Fund ceases to be compiled or published, and there is no Successor Index for that Sub-Fund;
- (f) the Licence Agreement for each Sub-Fund is terminated and a new licence agreement relating to the Index or any Successor Index of that Sub-Fund is not entered into by the Company or the Manager on behalf of the Company within three (3) months thereafter;
- (g) the Manager has ceased to carry on business, goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms notified in writing to the Company two (2) months before the effective date of liquidation or shall be adjudged a bankrupt or insolvent or appoints a liquidator or if a judicial manager or a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or the Manager is the subject of any analogous proceedings or procedure in each case under the law of Singapore or such other law as may be applicable in the circumstances where, after the expiration of a period of three months, the Company has not appointed a new manager in accordance with the Constitution;
- (h) on the expiration of three (3) months after notifying the Manager that in the Company's opinion a change of manager is desirable in the interests of the Shareholders and the Company has not found another company ready to accept the office of manager of the Sub-Fund(s) of which the Company and the Authority shall approve; or
- (i) the Directors are of the opinion that it is impracticable or inadvisable to continue the Company or the relevant Sub-Fund (including, without limitation to the foregoing, when in the Directors' or the Manager's opinion, the acquisition or purchase or disposal or sale of or continued investment in the Index Securities and (if representative sampling is adopted) non-Index Securities is not possible, not advisable or becomes impracticable or restricted due to any reason).

The Directors shall give notice of termination to the relevant Shareholders and by such notice fix the date at which such termination is to take effect which date shall not be less than three months after the service of such notice (unless otherwise stated).

Upon the Company or the relevant Sub-Fund being terminated, the Directors may exercise their rights of compulsory redemption under the Constitution and the Manager may commence liquidation of the Company's and/or the relevant Sub-Fund's holdings in order to partially or fully redeem all outstanding Participating Shares of the Company and/or the relevant Sub-Fund prior to the formal commencement of winding up proceedings. All redemptions shall be made in accordance with the Constitution, this Prospectus and the applicable provisions of the laws of Singapore.

No Redemption Request may be submitted following the termination of the Company and/or the relevant Sub-Fund. The Manager shall arrange the sale of all investments then comprised in each Sub-Fund being terminated and such sale shall be carried out and completed in such manner and within such period as the Manager shall consider advisable except in the event that circumstances exist as a result of which, in the sole opinion of the Manager, it is not reasonably practicable to realise all the investments comprised in the relevant Sub-Fund.

Participating Shares of the relevant Sub-Fund being terminated shall be compulsorily redeemed



on a date determined by the Directors and the Company shall pay (in cash or in specie, as may be determined by the Directors) to each holder of Participating Shares the Redemption Price in respect of the redeemed Participating Share and following the effective date of such compulsory redemption such Shareholder shall only have the right to receive the Redemption Price and the right to receive any declared but unpaid dividends.

116. Remuneration of Manager

The Manager shall, in addition to any other amounts which it is entitled to receive or retain for its own use and benefit under the Constitution, be entitled to receive for its own account out of the Sub-Fund Assets as soon as practicable after the last Dealing Day in each month in each year, commencing with the month in which the initial Shares of a Sub-Fund are issued (until, upon determination of such Sub-Fund, the final distribution shall have been made upon a winding up of the Sub-Fund), the amount of Management Fee payable in respect of such month accrued and remaining unpaid in accordance with the terms of the Management Agreement. The Management Fee shall accrue on a daily basis. The amount of the Management Fee shall not exceed a maximum of one per cent. (1.00%) per annum of the daily Value of the Sub-Fund Assets or Class (as the case may be) provided that (i) the Manager may at any time charge a smaller percentage at its sole discretion, and on giving notice to the Company and at least one (1) month's prior notice to the Shareholders, increase it to a larger percentage not greater than the percentage permitted under the Management Agreement; (ii) the Manager may, on giving notice to the Company, at any time alter the dates of payment and basis of accrual provided that, in the opinion of the Company, it does not materially prejudice the interests of the Shareholders and at least one (1) month's prior notice is given to the Shareholders (if required under the CIS Code); and (iii) the Manager may not increase the Management Fee to a percentage greater than the percentage permitted under the Management Agreement or change the structure of the fees payable to the Manager without the sanction of a Special Resolution of Participating Shareholders.

117. Costs and Expenses Payable by the Company, or by the relevant Sub-Fund or Class

The following is a summary of the fees, costs and expenses which under the provisions of the Constitution, the Company shall be entitled to make payment out of the Sub-Fund Assets to the extent they have been incurred in relation to any Sub-Fund or Class:

- (i) all fees paid to the Authority in connection with or arising out of any Sub-Fund and/or its authorisation pursuant to the Securities and Futures Act and, if and for so long as such Sub-Fund is designated as a CPFIS Included Fund all fees paid to the CPF Board and its agents in connection with the Sub-Fund being designated as a CPFIS Included Fund;
- (ii) any costs, fees and expenses to be paid under any licence and data supply contracts entered into by the Company and/or the Manager in respect of any Sub-Fund (including, without limitation, the Licence Agreement);
- (iii) all fees and expenses to be paid to liquidity providers (including, without limitation, any stipends or incentives to be paid to the designated market makers of a Sub-Fund) or Participating Dealers;

- (iv) all stamp and other duties, taxes, governmental charges, brokerage, commissions, exchange costs and commissions and bank charges in relation to transactions involving the whole or any part of a Sub-Fund Assets or on the creation, cancellation or redemption of Shares or payable in respect of the Constitution;
- (v) all professional fees relating to the agreeing and/or contesting of taxation liabilities or recoveries to be discharged out of or paid into a Sub-Fund;
- (vi) the fees and expenses of the Manager, pursuant to the terms of the Management Agreement entered into by the Company with the Manager;
- (vii) the fees and expenses of any person acting as the Registrar, the Fund Administrator and the Custodian, pursuant to the terms of the agreements entered into by the Company and/or the Manager with the Registrar, the Fund Administrator or the Custodian respectively or any other Service Provider appointed by the Company;
- (viii) the charges, expenses and disbursements of any legal counsel, accountant, auditor, investment advisor, valuer, broker or other professional person appointed by the Company or the Manager in connection with their respective duties in relation to the Company or Sub-Fund and/or the management and administration of the Company Assets or Sub-Fund Assets;
- (ix) all charges, expenses and disbursements incurred in relation to the safe-custody, acquisition, holding, realisation of or other dealing with any investment for the account of any Sub-Fund (including, without limitation, bank charges, Duties and Charges, telex and facsimile and other communication charges);
- (x) all charges and expenses incurred by the Company or the Manager insuring the assets and property of any Sub-Fund;
- (xi) all charges and expenses incurred by the Company or the Manager in conducting legal proceedings or applying to any court for any purposes related to the Company or any Sub-Fund;
- (xii) all charges and expenses incurred by the Company or the Manager in communicating with each other and with Shareholders, the Registrar, the Custodian, the Fund Administrator, the Participating Dealers or otherwise in relation to any Sub-Fund;
- (xiii) all charges and expenses incurred by the Company or the Manager in connection with the meetings of Members of the Company or any Sub-Fund or any Class;
- (xiv) the fees and expenses incurred by the Company or the Manager in obtaining and/or maintaining the listing of Shares on or delisting the Shares from the SGX-ST or any other securities exchange, and/or the authorisation or other official approval or sanction of any Sub-Fund under the Securities and Futures Act or any other law or regulation in any part of the world and/or the designation of any Sub-Fund as a CPFIS Included Fund or the establishment of the Sub-Fund by, and all filing or submission fees payable to ACRA under the Act;

- (xv) the fees, costs, charges and expenses incurred in connection with depositing and holding Shares in the CDP (including, without limitation, (i) the fees, costs, charges and expenses of or charged by the CDP arising out of or in connection with any services to be provided by the CDP in relation to any Sub-Fund or the Shares and (ii) the fees, costs, charges and expenses incurred by the Company or the Manager in the performance of their respective duties or obligations under any agreement with the CDP in relation to any Sub-Fund or the Shares);
- (xvi) all costs incurred in respect of the calculation and publication of the Net Asset Value and/or the Subscription Price and the Redemption Price and/or prices for Shares and/or the suspension of creations and issues and redemptions of Shares in such newspaper or newspapers in Singapore and elsewhere as the Company or the Manager may from time to time think fit;
- (xvii) to the extent permitted by the CIS Code, all costs incurred in respect of the maintenance of a website or webpage dedicated entirely to the Company or Sub-Fund;
- (xviii) all fees, costs and expenses incurred in respect of preparing, printing, distributing and updating this Prospectus and the product highlights sheet for a Sub-Fund, and any supplementary and replacement prospectuses relating to a Sub-Fund;
- (xix) all fees, costs and expenses incurred in respect of preparing any amended Constitution and in respect of preparing any agreement in connection with the Company;
- (xx) all costs incurred in respect of the preparation, publication and distribution of the audited accounts and unaudited interim accounts in accordance with the provisions of the Constitution and of all cheques, statements, notices and other documents relating to the Company or Sub-Fund;
- (xxi) all fees and expenses incurred in connection with the retirement or removal of the Manager or the appointment of a new manager for the Company;
- (xxii) all fees and expenses of the Auditors in connection with the Company or Sub-Fund;
- (xxiii) all fees and expenses incurred in connection with the retirement or removal of the Auditors or the appointment of new auditors for the Company;
- (xxiv) all expenses incurred in the collection of income for a Sub-Fund;
- (xxv) all costs and expenses associated with the distributions declared for any Sub-Fund or Class (including, without limitation, costs and expenses payable in connection with the delivery of distributions to the CDP);
- (xxvi) all fees and expenses incurred by the Company or the Manager in establishing or in winding up the Company or any Sub-Fund or Class, including the fees of the liquidator appointed and all expenses relating to the winding up (including publication in any newspaper);
- (xxvii) all other reasonable costs, charges and expenses which in the opinion of the Company or the Manager are properly incurred in the administration of the Company and the

Sub-Fund Assets and pursuant to the performance of their respective duties under the Constitution;

- (xxviii) all GST paid or to be paid in respect of services rendered to or by the Company or the Manager;
- (xxix) any other fees or charges expressly provided by the Constitution (including but not limited to the remuneration of the Directors (if any) and Secretary or disclosed in this Prospectus to be paid out of the Company Asset or Sub-Fund Asset;
- (xxx) all taxation payable in respect of income or the holding of or dealings with the Company Asset or Sub-Fund Asset;
- (xxxi) all fees and expenses incurred by the settlement agent and/or trading agent appointed in respect of any investments by any Sub-Fund;
- (xxxii) in the case of a Sub-Fund investing in any Underlying Fund, all expenses, charges and fees chargeable by the Underlying Fund if such expenses, charges and fees are chargeable to all the shareholders or unitholders of the Underlying Fund; and
- (xxxiii) such other items as may be authorised or permitted by the Constitution or this Prospectus.

Provided That if any fee, cost or expense is incurred for the benefit of the several Sub-Funds, as determined by the Directors, such fee, cost or expense shall be allocated fairly and proportionately to, and shall be borne by, each such Sub-Fund at the discretion of the Directors.

118. The costs of establishing the Company (which shall not exceed S\$250,000) may be paid out of the Sub-Fund Assets of the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF and may be amortised over a period of one (1) year from the date of the first issue of Shares of the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF.

#### Valuation of a Sub-Fund

119. The Company shall calculate or procure the calculation of the Value of the Sub-Fund(s) and determine its NAV as at each Valuation Point by valuing the Sub-Fund Assets in accordance with paragraphs 120 and 121 below, and deducting the liabilities of the Sub-Fund in accordance with paragraph 121 below, as at such Valuation Point. The Company may appoint any professional person to perform such calculation.
120. The Value of the assets comprised or to be comprised in the Sub-Fund Assets shall be ascertained on the following basis:
- (i) The Value of Index Securities and (if representative sampling is adopted) non-Index Securities shall be determined by reference to the last known transacted price or last closing price for such investments furnished by the Index Licensor, or a pricing service or by selected brokers approved by the Company (in consultation with the Fund Administrator) and the Manager ("**Selected Brokers**").
    - (a) The Value of Index Securities may be taken from the Index Licensor (where available). Other acceptable pricing services for Index Securities (where

appropriate Values are not available from the Index Licensor) and non-Index Securities include, but are not limited to, Bloomberg, Refinitiv or any successors thereto.

- (b) Index Securities and (if representative sampling is adopted) non-Index Securities for which quotations are not readily available are valued at fair value as determined by the pricing service or by Selected Brokers.
    - (c) The pricing service or Selected Brokers may employ electronic data processing techniques and/or a matrix system to determine valuations.
  - (ii) The Value of any other investments quoted, listed or normally dealt in on a Recognised Exchange shall be determined by reference to prices for such investments furnished by a pricing service approved by the Company and the Manager.
    - (a) The pricing service shall be required to determine or estimate the price of each such investment based on the last known transacted price or last closing price on the most appropriate Recognised Exchange at the Valuation Point.
    - (b) Investments for which quotations are not readily available are valued at fair value as determined by the pricing service using methods which include consideration of prices of investments of comparable quality, type, expiration date, strike price, and the like; indications as to value from dealers; and general market conditions.
  - (iii) Cash, deposits and similar properties shall be valued at face value (together with accrued interests) unless, in the opinion of the Company, any adjustment should be made to reflect the fair value thereof.
  - (iv) Notwithstanding any of the foregoing sub-paragraphs, the Company may, with prior notice to Shareholders, adjust the Value of any investment or permit some other method of valuation to be used if, having regards to currency, applicable rates of interest, maturity, marketability and such other considerations as the Company may deem relevant, the Company considers that such adjustment or other method of valuation is required to reflect more fairly the Value of such investment or other property.
  - (v) Other investments shall be valued in such manner and at such time or times as the Company shall from time to time agree.
121. In calculating the Value of the Sub-Fund Assets or any part thereof at any Valuation Point:
- (i) every Share agreed to be issued in relation to an application received on or before the Dealing Deadline on a Transaction Date shall be deemed to be in issue on the Dealing Day immediately following the Transaction Date and the Sub-Fund Assets shall be deemed to include the amount of any cash and/or Value of any Deposit Securities to be paid and/or received in respect of each such Share on the Dealing Day immediately following the Transaction Date;

- (ii) where, in consequence of any redemption request duly given on or before the Dealing Deadline on a Transaction Date, the Shares in question shall be deemed not to be in issue with effect from the Dealing Day immediately following the Transaction Date and any amount payable in cash and the Value of the Redemption Securities transferable out of the Sub-Fund Assets in pursuance of such redemption shall be deducted with effect from the Dealing Day immediately following the Transaction Date;
- (iii) where any investment has been agreed to be purchased or otherwise acquired or sold or otherwise disposed of but such purchase, acquisition, sale or disposal has not been completed, such investment shall be included or excluded and the gross purchase or acquisition or net sale consideration excluded or included as the case may require as if such purchase, acquisition or sale had been duly completed on the Dealing Day immediately following the date of the agreement to so purchase or acquire or sell or dispose of the investment;
- (iv) there shall be included in the assets an amount equal to all such costs, charges, fees and expenses as the Company may have determined to amortise less the amount thereof which have previously been or are then to be written off;
- (v) income derived from loans and deposits and from investments (other than Index Securities and (if representative sampling is adopted) non-Index Securities) bearing fixed interest shall be deemed to accrue from day to day;
- (vi) the outstanding liabilities, costs and expenses attributable to a Sub-Fund shall be deducted from such Sub-Fund Assets which shall include (without limitation):
  - (a) any fees of a Service Provider (including the Management Fee) accrued up to and including the relevant time but remaining unpaid;
  - (b) the amount of tax (if any) on gains or profits accrued up to the last financial year end of the Company but remaining unpaid and any other expenses accrued but remaining unpaid;
  - (c) the aggregate amount for the time being outstanding of any borrowing effected under the Constitution and the amount of any unpaid interest and expenses;
  - (d) an amount equal to the Value of any investment which is a negative amount;
  - (e) any other costs or expenses payable but not paid which are expressly authorised by any of the provisions of the Constitution to be payable out of the Sub-Fund Assets;
  - (f) an appropriate allowance for any contingent liabilities; and
  - (g) there shall be taken into account such sum (if any) as in the estimate of the Company will fall to be paid or reclaimed in respect of taxation related to income and transactions prior to or on the relevant Dealing Day; and
- (vii) liabilities shall (where appropriate) be treated as accruing from day to day.

In respect of this paragraph, the Value of the proportion of the Sub-Fund Assets attributable to each Class shall be calculated by apportioning the Value of the relevant Sub-Fund Assets (obtained in accordance with paragraphs 120 and 121 provided that no deduction or addition shall be made in respect of expenses, charges or other amounts which are not common to all the Classes) between the Classes and then deducting from or adding to the Value of the proportion of the Sub-Fund Assets for each Class any expense, charge or other amount attributable to such Class (including, but not limited to, the Management Fee or any other fee, if it differs between the Classes). For the avoidance of doubt, where any expense, charge or amount payable out of or payable into the Sub-Fund Assets pursuant to the Constitution is attributable only to a particular Class, such amount shall only be deducted from or added to the value of the Sub-Fund Assets which is attributable to that Class and shall not affect the calculation of the Value of the Sub-Fund Assets attributable to the other Classes.

#### Valuation policy and performance measurement standards of the Manager

122. Valuations shall be done on every Dealing Day. There will not be a suspension of valuation by reason of an exchange holiday. In such cases, the last available security prices shall continue to be applied for valuation purposes.

Notwithstanding the foregoing, the Manager's pricing committee will subject to the provisions of the CIS Code and the conditions set out in Section XIII of this Prospectus retain the discretion to suspend valuation if deemed necessary. The Manager's pricing committee is responsible for considering and arriving at a consensus decision to address any pricing disputes or valuation methodology that requires ad hoc decision due to market situation. Subject to the provisions of the CIS Code, the Manager may request for approval to suspend the valuation and dealing of the Sub-Fund if the fair value of a material portion of the Sub-Fund Assets cannot be determined.

123. The Manager collates and maintains portfolio and series data in the performance systems on a periodic basis and generates performance results to meet reporting requirements. Time-weighted rate of return (TWRR) methodology is adopted for portfolio returns calculation.

#### Hard-to-value or illiquid assets

124. If the most recent available price for a security invested into by a Sub-Fund exceeds one month for reasons of non-availability of prices from regular market sources and/or counterparties, an appropriate liquidity reserve shall be applied on the last available price in accordance with the Manager's pricing and valuation policy. The adjusted price shall be approved by the Manager's pricing committee prior to application.

#### 125. Compulsory Redemption of Shares

- 125.1 The Company may at any time compulsorily redeem any holdings of Shares in a Sub-Fund or Class held by:

- (a) any Shareholder:
  - (i) whose subscription for or holding of Shares, in the opinion of the Company, is or may be in breach of any applicable law or regulation in any jurisdiction; or
  - (ii) where such redemption is, in the opinion of the Company, necessary or desirable for the compliance by the Company or the Sub-Fund with any

applicable law or regulation in any jurisdiction (including any regulatory exemption conditions); or

- (b) any Shareholder whose holdings of Shares, in the opinion of the Company:
  - (i) may cause a Sub-Fund to lose its authorised or registered status with any regulatory authority in any jurisdiction; or
  - (ii) may cause the offer of the Shares of a Sub-Fund, the Company, this Prospectus, the Constitution, the Manager or the Custodian to become subject to any authorisation, recognition, approval or registration requirements under any law or regulation in any other jurisdiction; or
- (c) any Shareholder whose holdings of Shares, in the opinion of the Company:
  - (i) may cause a detrimental effect on the tax status of a Sub-Fund in any jurisdiction or on the tax status of the Shareholders of the Sub-Fund; or
  - (ii) may result in a Sub-Fund or other Shareholders of a Sub-Fund suffering any other legal or pecuniary or administrative disadvantage which the Sub-Fund or the Shareholders might otherwise not have incurred or suffered; or
- (d) any Shareholder who fails any anti-money laundering, anti-terrorist financing or know-your-client checks, or where any information and/or documentary evidence requested by the Company and/or the Manager for the purposes of any anti-money laundering, anti-terrorist financing or know-your-client checks cannot be obtained from the Shareholders, or the Shareholder has failed to provide the same, in a timely manner; or
- (e) any Shareholder, where information (including but not limited to information regarding tax status, identity or residency), self-certifications or documents as may be requested by the Company and/or the Manager pursuant to any 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 inter-governmental agreement entered into between the United States and Singapore in connection with the FATCA) cannot be obtained from the Shareholder, or the Shareholder has failed to provide the same, in a timely manner; or
- (f) any Shareholder who does not consent, or withdraws his consent, for the Company or the Manager to collect, use and/or disclose information or data relating to the Shareholder, where such information or data is necessary for, or reasonably required by, the Company, the Manager, their respective related corporations and/or other service providers to perform their respective services and/or duties to or in respect of (i) the Sub-Fund and/or (ii) the Shareholder in relation to his holdings of Shares in the Sub-Fund.

125.2 If the Company and/or the Manager 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 Shares held by a Shareholder, the Company shall be entitled



to compulsorily redeem such number of Shares held by that Shareholder as may be necessary to discharge the liability arising. The Company and/or the Manager (as the case may be) shall be entitled to apply the proceeds of such redemption in payment, reimbursement and/or set-off against the liability.

125.3 Any compulsory redemption under paragraphs 125.1 or 125.2 may be carried out by the Company on any Dealing Day after giving prior written notice to the relevant Shareholder, and shall be carried out in accordance with, and at the Redemption Price determined under, the relevant provisions of the Constitution.

125.4 The Company, the Manager 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 Shareholder or any party arising out of or caused in whole or in part by any actions which are taken by the Company, the Manager and/or any of their respective delegates, agents or Associates under paragraphs 125.1, 125.2 or 125.3.

## 126. Securities Lending and Repurchase Transactions

126.1 Subject to the Constitution, the CIS Code and the limits and/or restrictions (if any) applicable to Excluded Investment Products, a Sub-Fund may carry out securities lending and repurchase transactions on transferable securities and money market instruments for the sole purpose of efficient portfolio management, subject to the following limits:

- (a) The collateral of the securities lending or repurchase transactions should exceed the market value of the transferable securities or money market instruments transferred;
- (b) The counterparty would be required to provide additional collateral to the Sub-Fund or its agent no later than the close of the next business day when the current value of the eligible collateral tendered for the securities lending or repurchase transactions falls below the required collateral requirements;
- (c) For the purposes of securities lending and repurchase transactions, collateral may only consist of:
  - (i) cash;
  - (ii) money market instruments; or
  - (iii) bonds.

For the purpose of the above, money market instruments and bonds should be issued by, or have the benefit of a guarantee from, an entity or trust that has a minimum long-term rating of A by Fitch, A by Moody's or A by Standard and Poor's (including sub-categories or gradations therein) (collectively, "**eligible collateral**").

Notwithstanding the above, securitised debt instruments as well as money market instruments or bonds with embedded financial derivatives are not eligible as collateral;

- (d) The maturity period of a repurchase transaction should not exceed 6 months; and
- (e) The Manager may lend the securities of a Sub-Fund to its related corporations and/or any third party and such transactions will be carried out on an arm's length basis. There will be no revenue sharing arrangement between the Sub-Fund and the Manager. Currently, the Company does not intend to lend the securities of any Sub-Fund to its related corporations.

## 126.2 Risks relating to securities lending or repurchase transactions

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

- (a) Counterparty risk/credit risk refers to the risk when a counterparty defaults on its obligations by becoming insolvent or otherwise being unable to complete a transaction.
- (b) Liquidity risk is the risk that the counterparty cannot settle an obligation for the full value when it is due, but would be able to settle on some unspecified date thereafter. This may affect the ability of a Sub-Fund to meet their redemption obligations and other payment commitments.
- (c) Sufficiency of collateral risk. Following a default by a counterparty, a Sub-Fund can sell its collateral in the market to raise funds to replace the lent securities. It will suffer a loss if the value of the collateral securities falls relative to the lent securities.
- (d) Collateral investment risk. The value of the securities in which the Manager invests the cash collateral may decline due to fluctuations in interest rates or other market-related events.
- (e) Delivery risk occurs both when securities have been lent and collateral has not been received at the same time or prior to the loan, and when collateral is being returned but the loan return has not been received.
- (f) Operational risk is risk that the custodian or the lending agent did not administer the program as agreed. This includes the failure to mark to market collateralization levels, call for additional margin, or to return excess margin and to post corporate actions and income including all economic benefits of ownership.

126.3 As at the date of this Prospectus, the Manager may carry out securities lending and repurchase transactions for the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF.

## 127. Liquidity Risk Management

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

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

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

- (a) A Sub-Fund may, subject to the provisions of the Constitution, borrow up to 10% of its latest available net asset value (or such other percentage as may be prescribed by the CIS Code) at the time the borrowing is incurred and the borrowing period should not exceed one month, provided always and subject to the borrowing restrictions in the CIS Code;

- (b) The Company may, pursuant to the Constitution, suspend the realisation of Shares of a Sub-Fund or any Class and delay the payment of any moneys and distribution of any Redemption Securities; and
- (c) The Company shall, and pursuant to the Constitution, be entitled to limit the total number of Shares which Shareholders are entitled to redeem on a Dealing Day to ten per cent. (10%) (or such higher percentage as the Company may determine in any particular case) of the total number of Shares in issue (disregarding any Shares which have been agreed to be issued), such limitation to be applied (subject as provided in the last sentence of this paragraph) *pro rata* to all Participating Dealers who have validly requested redemptions to be effected on such Dealing Day so that the proportion redeemed of each holding so requested to be redeemed is the same for all Participating Dealers.

128. Constitution

The Company is established under Singapore law by the Constitution. All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Constitution. Shareholders and potential investors are advised to review the provisions of the Constitution. All material amendments to the Constitution will be announced on the SGXNET.

129. Documents Available for Inspection

You may inspect copies of the following documents at the registered address of the Company during normal business hours:

- (i) the Constitution;
- (ii) the Depository Agreement;
- (iii) the Licence Agreement; and
- (iv) a sample Participant Agreement.

**XX GLOSSARY**

130. Unless the context otherwise requires, the following words or expressions shall have the meanings respectively assigned to them, namely:-

**"ACRA"** means the Accounting and Corporate Regulatory Authority;

**"Act"** means the Variable Capital Companies Act 2018;

**"ADR"** means American Depositary Receipts;

**"Associate"** has the meaning ascribed to it under the Listing Rules;

**"Authority"** means the Monetary Authority of Singapore;

**"Board Resolutions"** means a resolution of the Directors;

**"Business Day"** means, in respect of the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF, any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore, Hong Kong and PRC and the SGX-ST is open for business;

**"Cash Dealing Day"** means every Dealing Day or such other day(s) as from time to time determined by the Company;

**"Cash Settlement Date"** has the meaning as ascribed to it in paragraph 55 of this Prospectus or such other time/date as from time to time determined by the Company;

**"CDP"** means The Central Depository (Pte.) Limited, a wholly-owned subsidiary of Stock Exchange Limited;

**"CIS Code"** means the Code on Collective Investment Schemes issued by the Authority pursuant to the Securities and Futures Act, as may be amended, modified, or supplemented from time to time by the Authority;

**"Company"** means Nikko AM Asia Limited VCC;

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

- (a) another firm, limited liability partnership or corporation in which the first mentioned firm, limited liability partnership or corporation has control of not less than twenty per cent. (20%) of the voting power in that other firm, limited liability partnership or corporation;  
or
- (b) a director, chief executive officer or substantial shareholder or Controlling Shareholder of the company or any of its subsidiaries or an Associate of any of them;

**"Constitution"** means the constitution of the Company filed with the Accounting and Corporate Regulatory Authority of Singapore, as amended or restated from time to time;

**"Controlling Shareholder"** has the meaning ascribed to it under the Listing Rules;

**"CPF"** means the Central Provident Fund;

**"Creation Request"** means a request for the creation and issue of Shares in-kind as set out in paragraphs 57 to 65 of this Prospectus;

**"Creation Unit"**, in relation to each Sub-Fund, means such number of Shares as specified in the relevant Appendix of this Prospectus or of such other number of Shares as may be determined by the Company from time to time;

**"Custodian"** means DBS Trustee Limited (or such other person as may be appointed as custodian by the Company);

**"Dealing Day"** means, in respect of the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF, any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore, Hong Kong and PRC and the SGX-ST is open for normal trading (other than a day on which trading on the SGX-ST is scheduled to close prior to its regular weekday closing time) and the Index is compiled and published and/or such other day or days as the Company may from time to time determine;

**"Dealing Deadline"** means:

- (a) 12 noon (Singapore time) on the relevant Cash Dealing Day, for purposes of the subscription of Shares in cash or redemption of Shares for cash on any Cash Dealing Day (or such other time as the Company may determine); and
- (b) 5.30 pm (Singapore time) on the relevant Dealing Day, for purposes of the subscription or redemption of Shares in-kind on any Dealing Day (or such other time as the Company may determine);

**"Deposit Basket"** means a portfolio of Index Securities and (if representative sampling is adopted) non-Index Securities determined and designated, or approved, by the Company in respect of each Dealing Day for the purposes of the creation and issue of Shares in a Creation Unit aggregation for that Dealing Day;

**"Depositor"** means (i) direct account holder with the Depository; or a Depository Agent, but, for the avoidance of doubt, does not include a Sub-Account Holder, whose name is entered in the Depository Register in respect of Shares held by him;

**"Depository Agent"** shall have the meaning ascribed to it in Section 81SF of the Securities and Futures Act;

**"Depository Agreement"** means the Depository Agreement to be entered into between the Depository and the Company containing their agreement on the arrangements relating to the Shares being deposited with the Depository pursuant to the listing of a Sub-Fund on the SGX-ST, as the same may be amended from time to time;

**"Depository Register"** means the electronic register of Shares deposited with the Depository, maintained by the Depository;

**"Designated Market Maker"** means a person who has entered into an agreement with the Manager to make a market in the Shares on the SGX-ST;

**"Directors"** means the directors of the Company;

**"Ex. Dividend Date"** means each date in each year which falls one (1) Business Day (or such other number of days as may from time to time be determined by the Company immediately before a Record Date);

**"Excluded Investment Products"** means any capital markets products that belong to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018;

**"Fitch"** means Fitch Incorporated;

**"Former Index Security"** means a security which was formerly, but has ceased to be, an Index Security;

**"Future Index Security"** means a security listed or to be listed on the SGX-ST which the Index Licensor has announced will be included in the Index or which the Company and the Manager reasonably believe will be included in the Index within 30 days of including it in the Sub-Fund Asset and/or the Deposit Basket/Redemption Basket;

**"Index"** means the Index of each Sub-Fund as set out in the relevant Appendix or such other index as a Sub-Fund may track from time to time;

**"Index Licensor"** or **"Index Provider"** means the licensor for the time being of the Index for each Sub-Fund as set out in the relevant Appendix or such successor(s) or such other person(s) which licence the Index or any Successor Index to the Company (or the Manager on behalf of the Company) in respect of a Sub-Fund;

**"Index Securities"** means any securities which are for the time being constituent securities of the Index of a Sub-Fund;

**"Licence Agreement"** means the licence agreement entered or to be entered into between the Index Licensor of a Sub-Fund and the Company or the Manager on behalf of the Company relating to the Index of such Sub-Fund or any subsequent licence agreement entered into by the Company (or the Manager on behalf of the Company) with an Index Licensor relating to the Index including any Successor Index;

**"Listing Rules"** means the listing rules for the time being applicable to the listing of a Sub-Fund as an investment fund on the SGX-ST as the same may be modified, amended, supplemented, revised or replaced from time to time;

**"Management Shares"** means the management shares in the capital of the Company issued subject to and in accordance with the Act and the Constitution and having the rights and subject to the restrictions provided for in the Constitution, and as may be further described in this Prospectus;

**"Manager"** means Nikko Asset Management Asia Limited;

**"Market Day"** means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for business;

**"Moody's"** means Moody's Investors Service, Inc. U.S.A.;

**"NAV" or "Net Asset Value"** means net asset value calculated by reference to the provisions and principles set out in paragraphs 119 to 124 of this Prospectus;

**"NAV per Share"** in respect to a Share or Class, means that proportion of the Net Asset Value of the Company or any Sub-Fund, as the case may be, represented by such Share, as determined in accordance with the Constitution and this Prospectus;

**"Member"** or **"Shareholder"** means a registered holder of Shares in the Company or a registered holder of Shares in the Company in respect of a particular Sub-Fund, as the case may be;

**"Minimum Subscription Amount"**, in relation to each Sub-Fund, means such number of Shares or multiples thereof (if any) as specified in the relevant Appendix of this Prospectus or such other number of Shares or investment amount as may be determined from time to time by the Company;

**"Minimum Redemption Amount"**, in relation to each Sub-Fund, means such number of Shares or multiples thereof (if any) as specified in the relevant Appendix of this Prospectus or such other number of Shares or redemption amount as may be determined from time to time by the Company;

**"Notice on the Sale of Investment Products"** means the Notice on the Sale of Investment Products issued by the Authority, as the same may be modified, amended or revised from time to time;

**"non-Index Securities"** means securities other than Index Securities;

**"OTC"** means over-the-counter;

**"Ordinary Resolution"** a resolution passed by a simple majority of the votes cast by the Members as, being entitled to do so, vote in person or by proxy at a general meeting of the Company (and includes any resolution in writing signed in accordance with regulation 106 of the Constitution);

**"Participant Agreement"** means an agreement entered into between the Company and a Participating Dealer setting out, *inter alia*, the arrangements in respect of the issue, redemption, switching and cancellation of Shares;

**"Participating Dealer"** means any participant who is a broker or dealer or such other person as may be approved by the Company and who has entered into a Participant Agreement in form and substance acceptable to the Company;

**"Participating Shares"** means the participating shares in the capital of the Company or in respect of a particular Sub-Fund, as the case may be, issued subject to and in accordance with the Act and the Constitution and having the rights and subject to the restrictions provided for in the Constitution, and as may be further described in this Prospectus. For the avoidance of doubt, if the Company has constituted one or more Sub-Funds, the Participating Shares of each Sub-Fund participate only in the assets and liabilities of that particular Sub-Fund as a collective investment scheme segregated from any other Sub-Fund or Sub-Funds;

**"PRC"** means the People's Republic of China;

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

**"Recognised Exchange"** means an internationally recognised stock or investment exchange or marketplace which is regulated, operates regularly and is open to the public and which is approved by the Company;

**"Record Date"** means the date or dates determined by the Company for the purpose of determining the Shareholders entitled to receive any distributions of income and/or capital of the Sub-Fund;

**"Redemption Basket"** means a portfolio of Index Securities and (if representative sampling is adopted) non-Index Securities determined and designated, or approved, by the Company in respect of each Dealing Day for the purposes of the redemption of Shares in a Redemption Unit aggregation for that Dealing Day;

**"Redemption Day"**, in respect of a Sub-Fund, means a Dealing Day or such Business Day as the Directors may from time to time determine, and as may be further described in this Prospectus;

**"Redemption Price"** means, in relation to a Share (or in relation to a particular Class), the price equal to the applicable NAV per Share in the capital of the Company or in respect of a particular Sub-Fund, as the case may be, as adjusted (to the extent required) by adding to such price or subtracting from such price such fees and charges as may be determined by the Directors, as may be further described in this Prospectus;

**"Redemption Request"** means a request for the redemption of Shares in-kind as set out in paragraphs 77 to 86 of this Prospectus;

**"Redemption Securities"** means, in relation to any redemption of Shares, the Index Securities and (if representative sampling is adopted) non-Index Securities comprising a Redemption Basket to be distributed, subject to paragraph 86, from the Sub-Fund to or for the account of a Participating Dealer on behalf of a Shareholder pursuant to a Redemption Request submitted by that Participating Dealer for that Shareholder in accordance with paragraphs 77 to 84;

**"Redemption Unit"**, in relation to each Sub-Fund, means such number of Shares as specified in the relevant Appendix of this Prospectus or of such other number of Shares as may be determined by the Company from time to time;

**"Registrar"** means DBS Bank Limited as described in paragraph 16 of this Prospectus;

**"RMB"** means the lawful currency of the PRC;

**"S&P"** means Standard and Poor's Corporation, U.S.A.;

**"S\$", "SGD" or "Singapore dollars"** means the lawful currency of the Republic of Singapore;

**"Securities Accounts"** means the securities account or sub-account maintained by a Depositor with CDP;

**"Securities and Futures Act"** means Securities and Futures Act 2001;



**"Service Provider"** means the service providers appointed by the Company (including the Manager) from time to time;

**"Settlement Date"** has the meaning ascribed to it in paragraph 61 of this Prospectus or such other time/date as may be determined by the Company;

**"SGX-ST"** means the Singapore Exchange Securities Trading Limited or any successor thereto;

**"Shares"** means the shares in the capital of the Company or the Participating Shares in respect of a particular Sub-Fund, as the case may be, and includes any Class thereof;

**"Special Resolution"** means a resolution passed by not less than 75 per cent of the votes cast by the Members as, being entitled to do so, vote in person or by proxy at a general meeting of the Company (and includes any resolution in writing signed in accordance with regulation 106 of the Constitution);

**"SRS"** means Supplementary Retirement Scheme;

**"Sub-Fund"** means a collective investment scheme that is part of the Company;

**"Sub-Fund Asset(s)"** means an asset of the Company in respect of or attributable to or allocated or held by the Company for the purpose of a Sub-Fund;

**"Sub-Fund Liability(ies)"** means a liability of the Company in respect of or attributable to or allocated or incurred by the Company for the purpose of a Sub-Fund;

**"Subscription Day"**, in respect of a Sub-Fund, means a Dealing Day or such Business Day as the Directors may from time to time determine and as may be further described in this Prospectus;

**"Subscription Price"** means, in relation to a Share (or in relation to a particular Class and/or Series of such Share), the price equal to the applicable NAV Per Share in the capital of the Company or in respect of a particular Sub-Fund, as the case may be, as adjusted (to the extent required) by adding to such price or subtracting from such price such fees and charges as may be determined by the Directors, in each case as may be further described in this Prospectus;

**"Transaction Date"** means the Dealing Day on which the Registrar receives or is treated as having received a valid application for Shares or a valid request to redeem Shares;

**"Underlying Fund"** means a mutual fund company or a sub-fund of a mutual fund company or a unit trust or a sub-fund of a unit trust or any other collective investment scheme, from time to time invested into by a relevant Sub-Fund and **"Underlying Funds"** shall be construed accordingly;

**"US\$", "USD" or "United States dollars"** means the lawful currency of the United States of America;

**"Valuation Point"** means the close of business of the relevant Dealing Day (or such other time or times as from time to time determined by the Company (who shall determine if Shareholders

should be notified of such change) provided that there shall always be a Valuation Point on each Dealing Day; and

**"Value"** means with reference to the Sub-Fund Asset or any part thereof, its net asset value, or with reference to any asset or liability comprised or to be comprised in the Sub-Fund Asset (except where otherwise expressly stated) the value thereof, calculated by reference to the provisions and principles set out in paragraphs 119 to 124 of this Prospectus.

## APPENDIX I

### NIKKOAM-STRAITSTRADING MSCI CHINA ELECTRIC VEHICLES AND FUTURE MOBILITY ETF (Sub-Fund Registration No. T21VC0223L-SF001)

#### 1. Key Information

The following table is a summary of key information in respect of the NikkoAM-StraitsTrading MSCI China Electric Vehicles and Future Mobility ETF.

Instrument Type	Exchange Traded Fund
Index	MSCI China All Shares IMI Future Mobility Top 50 Index
Index Provider	MSCI
Listing Date	20 January 2022
Exchange Listing	SGX-ST
SGX Trading/Counter Name	<u>SGD Share Class</u> Primary Currency: NikkoAM-STC CN EV S\$ Secondary Currency: NikkoAM-STC CN EV US\$
Stock Code	<u>SGD Share Class</u> Primary Currency: EVS Secondary Currency: EVD
Trading Board Lot Size	1 Share
Currency of Account (Base Currency)	Singapore dollars (SGD)
Trading Currencies	<u>SGD Share Class</u> Primary Currency: Singapore dollars (S\$) Secondary Currency: United States dollars (US\$)
Dividend Distribution	<u>SGD Share Class</u> : Nil
Creation / Redemption in cash (applicable to Participating Dealers)	Application Unit size of 50,000 Shares (or such higher number of Shares in multiples of 1,000 Shares)
Creation / Redemption in-kind (applicable to Participating Dealers)	Creation Unit or Redemption Unit size of 500,000 Shares (or such higher number of Shares in multiples of 500,000 Shares)
Company	Nikko AM Asia Limited VCC
Manager	Nikko Asset Management Asia Limited
Registrar	DBS Bank Limited
Custodian	DBS Trustee Limited
Website	<a href="http://www.nikkoam.com.sg/etf/china-ev-future-mobility-etf">www.nikkoam.com.sg/etf/china-ev-future-mobility-etf</a>
Investor Profile	The Sub-Fund is <u>only</u> suitable for investors who: <ul style="list-style-type: none"> <li>o seek long term capital growth</li> <li>o believe that the Index will increase in value;</li> <li>o are willing and able to accept that their principal will be at risk; and</li> <li>o seek an “index-based” approach to investing in</li> </ul>

	Chinese companies listed in US, Hong Kong and China, and other markets from time to time, that are expected to derive significant revenues from energy storage technologies, autonomous vehicles, shared mobility and new transportation methods
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## 2. Investment Objective, Focus and Approach

The investment objective of the Sub-Fund is to achieve long term capital growth by replicating the returns of the MSCI China All Shares IMI Future Mobility Top 50 Index (the “**Index**”), or upon the Manager giving three (3) months' prior written notice to the Shareholders, such other index that gives, in the opinion of the Manager, the same or substantially similar exposure as the Index, before fees and expenses. There can be no assurance that the Sub-Fund will achieve its investment objective or will be able to fully track the performance of the Index.

The Sub-Fund will seek to achieve its investment objective by investing all, or substantially all, of its assets in securities which are for the time being constituent securities of the Index (“**Index Securities**”) in substantially the same weightings as reflected in the Index (i.e. using a full replication strategy). The Manager may in its absolute discretion adopt a representative sampling strategy instead of a full replication strategy. Representative sampling is a strategy of investing in a representative sample of securities in the Index which have a similar investment profile as that of the Index. The Manager may invest in certain securities that are not included in the Index (“**non-Index Securities**”) but have aggregate characteristics (such as yield and duration) similar to those of the Index. Various circumstances may make it impossible or impracticable to purchase each component Index Security in the same weightings as reflected in the Index. In those circumstances, the Manager may employ a combination of one or more investment techniques in seeking to closely track the Index. In addition, given that Index Securities may be and are added to or removed from the Index from time to time, the Manager may sell or purchase securities that are not yet represented in the Index in anticipation of their removal from or addition to the Index.

In order to achieve its investment objective, the Sub-Fund will invest and have direct access to certain eligible China A-shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively, the “**Stock Connect**”) and may invest through the Manager’s status and capacity under the QFI framework in listed equities in the China A-shares market.

The MSCI China All Shares IMI Future Mobility Top 50 Index is the current benchmark for the Sub-Fund. The MSCI China All Shares IMI Future Mobility Top 50 Index is compiled and calculated by MSCI (the “**Index Licensor**”) and aims to track the performance of Chinese companies listed in US, Hong Kong and China, and other markets from time to time, that are expected to derive significant revenues from energy storage technologies, autonomous vehicles, shared mobility and new transportation methods.

You should note that the Shares of the Sub-Fund are Excluded Investment Products (as defined in MAS Notice SFA 04/N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products) and prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

**You should consult your financial advisers if in doubt as to whether the Sub-Fund is suitable for you.**

### **3. Investment Advisor**

The Manager has appointed Straits Investment Management Pte. Ltd. (Company Registration No.: 201903974H), with registered address at 1 Wallich Street, #15-01 Guoco Tower, Singapore 078881, as the investment advisor of the Sub-Fund (the “**Investment Advisor**”), via an Investment Advisory Agreement in relation to the Sub-Fund.

The Investment Advisor was established on 1 February 2019 in Singapore. As at 30 June 2023, the paid-up capital of the Investment Advisor is S\$300,000.

The Investment Advisor is a global fund management firm with capabilities in equities, fixed income and alternative investments. The Investment Advisor received its Capital Markets Services Licence from the Authority in September 2021 to conduct the regulated activity of fund management and will be responsible for providing advisory services to the Sub-Fund. The Investment Advisor is a wholly-owned subsidiary of The Straits Trading Company Limited (“**Straits Trading**”). Straits Trading is listed on the Mainboard of the SGX-ST.

The directors of the Investment Advisor are:

(i) **Manish Bhargava, Director and Chief Executive Officer**

Prior to joining Straits Trading, Manish was the Head of Asia at APN Property Group (“**APN**”). With more than 21 years in investing, Manish is an experienced fund manager who has been responsible for conducting research and investing in the public markets. Prior to APN, Manish worked at Tiedemann Investment Group, a global hedge fund headquartered in New York, with more than US\$1 billion of assets under management. He also worked at Starwood Real Estate, a global long/short fund based in Greenwich, Connecticut, and European Investors Inc., a long-only fund headquartered in New York.

Manish holds a Master of Accounting/Information System from Oklahoma State University in the USA and Bachelor of Science from St. Xavier’s College in India.

(ii) **Lau Cheng Soon, Director**

Mr Lau Cheng Soon sits on the board of United Overseas Land and is an Independent Advisory Board Member of the Pro-invest Group’s Funds I/II/III.

Mr Lau has held senior management roles in the Asia Pacific real estate investment business for over 30 years. Mr Lau Cheng Soon was the Managing Director of Asia Pacific for Invesco Real Estate and had overall responsibility for the management of the Asia Pacific real estate business. He was the Chairman of the Asia Pacific Executive Committee; a member of the Global Executive Committee and Chairman of the Asia Pacific Investment Committee. Prior to joining Invesco, he was a managing director and board member of Ayala International, a member of the Ayala Group. He was previously an executive director and board member of Tuan Sing Holdings Ltd. (listed on the main board of the Singapore Stock Exchange). He has directed numerous real estate investment and development projects across all major markets in the Asia Pacific region. He began his

career as an engineer with Shell and was also a management consultant with Booz Allen and Hamilton in both the US and Asia.

Mr Lau earned a Master of Business Administration degree from the University of Chicago and a Bachelor of Science (Chemical Engineering) degree from Oregon State University.

(iii) Ronald Seah Lim Siang, Director

Ronald retired in 2005 after a span of 30 years in the investment and banking industry. Over a 25-year period, Ronald held various senior positions within the AIG Group, initially as AIA Singapore's Vice-President and Chief Investment Officer managing the investment portfolio of AIA Singapore, and later as Vice-President of Direct Private Equity Investments of AIG Global Investment Corporation (Singapore) Ltd. Ronald was appointed as Chairman of AIG Global Investment Corporation (Singapore) Ltd. in 2001 serving till retirement in 2005.

Prior to AIG, Ronald was the Deputy Head of the Investment and Credit Department in POSB and had worked in Singapore Nomura Merchant Bank. Post retirement, Ronald took on active board positions in both private and publicly listed companies.

Ronald graduated with a Bachelor of Arts and Social Sciences 2<sup>nd</sup> Class Upper in Economics from the then University of Singapore in 1975.

Under the Investment Advisory Agreement made between the Investment Advisor and the Manager, the Investment Advisor will provide, prior to the inception of the Sub-Fund and during the life of the Sub-Fund, on a periodic basis or on such frequencies as the parties may from time to time decide, advice to the Manager on *inter alia*, any of the following:

- the appropriateness or suitability for the Sub-Fund to continue to track the Index or use the Index as a benchmark;
- the methodology and effectiveness of the Index in enabling the Sub-Fund to achieve its investment objective;
- the investments (including the investments in Index Securities and (where applicable) non-Index Securities) made by the Manager to track the Index as closely as possible;
- the investment techniques used by the Manager in seeking to closely track the Index;
- the rebalancing of the Sub-Fund's portfolio to minimise the tracking error; and
- (where applicable) a Successor Index, and the Sub-Fund's investments in financial derivative instruments ("FDIs") and securities lending or repurchase transactions.

Manish Bhargava (who description is set out in paragraph 3(i) above) is also the key executive and principal officer of the Investment Advisor.

The Investment Advisor has been appointed on a non-discretionary basis and will provide advice and recommendations to the Manager as to the investments of the Sub-Fund. Currently, the Investment Advisor provides discretionary management to its parent company, Straits Trading, and investment advice to a Singapore authorised scheme managed by the Manager, the Nikko AM Shenton Global Property Securities Fund, and to UBS AG on several advisory mandates.

The fees of the Investment Advisor are paid by the Manager out of their management fee and are not paid out of the Sub-Fund Assets.

The Investment Advisor will remain as investment advisor of the Sub-Fund until the appointment is terminated in accordance with the terms of the Investment Advisory Agreement. In the event that the Investment Advisor becomes insolvent, the Manager may by notice in writing terminate the Investment Advisor and appoint such person as investment advisor to provide advisory services to the Sub-Fund.

***You should note that past performance of the Manager or Investment Advisor is not necessarily indicative of the future performance of the Manager or Investment Advisor.***

#### **4. Index and Index Licensor**

The Index is reviewed and rebalanced quarterly. The description of the index methodology is available at <https://www.msci.com/index-methodology>. The composition of the Index and the latest information relating to the Index is available at <https://www.msci.com/>.

##### Disclaimer by the Index Licensor(s)

THIS SUB-FUND IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI INC. ("MSCI"), ANY OF ITS AFFILIATES, ANY OF ITS INFORMATION PROVIDERS OR ANY OTHER THIRD PARTY INVOLVED IN, OR RELATED TO, COMPILING, COMPUTING OR CREATING ANY MSCI INDEX (COLLECTIVELY, THE "MSCI PARTIES"). THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY NIKKO ASSET MANAGEMENT ASIA LIMITED AND NIKKO AM ASIA LIMITED VCC. NONE OF THE MSCI PARTIES MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE ISSUER OR OWNERS OF THIS SUB-FUND OR ANY OTHER PERSON OR ENTITY REGARDING THE ADVISABILITY OF INVESTING IN FUNDS GENERALLY OR IN THIS SUB-FUND PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THIS SUB-FUND OR THE ISSUER OR OWNERS OF THIS SUB-FUND OR ANY OTHER PERSON OR ENTITY. NONE OF THE MSCI PARTIES HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUER OR OWNERS OF THIS SUB-FUND OR ANY OTHER PERSON OR ENTITY INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NONE OF THE MSCI PARTIES IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THIS SUB-FUND TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY OR THE CONSIDERATION INTO WHICH THIS SUB-FUND IS REDEEMABLE. FURTHER, NONE OF THE MSCI PARTIES HAS ANY OBLIGATION OR LIABILITY TO THE ISSUER OR OWNERS OF THIS SUB-FUND OR ANY OTHER PERSON OR ENTITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THIS SUB-FUND.

ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM SOURCES THAT MSCI CONSIDERS RELIABLE, NONE OF THE MSCI PARTIES WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER OF THE SUB-FUND, OWNERS OF THE SUB-FUND, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY MSCI INDEX OR

ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NONE OF THE MSCI PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND THE MSCI PARTIES HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO EACH MSCI INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ANY OF THE MSCI PARTIES HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

The Company and the Manager are not related to the current Index Licensor.

## 5. **Dual Currency Trading**

The Sub-Fund consists of 1 Share Class, namely the SGD Share Class.

The Sub-Fund trades in different currency denominations on the SGX-ST, i.e. United States dollar (US\$) and Singapore dollar (S\$). Investors of the SGD Share Class can buy and/or sell Shares in S\$ or US\$, regardless of the currency in which it was first bought and/or sold.

<b>Classes</b>	<b>Currency denomination available for trading</b>	<b>Trading/Counter Name</b>	<b>Stock Code</b>	<b>Traded Currency</b>
SGD Share Class	Primary Currency (S\$)	NikkoAM-STC CN EV S\$	EVS	S\$
	Secondary Currency (US\$)	NikkoAM-STC CN EV US\$	EVD	US\$

(or such other counter name or stock code as may be issued by the SGX-ST from time to time)

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

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



## 6. Distribution Policy

Currently, no distributions will be made for the SGD Share Class. Dividend and/or interest income and/or capital gains derived from investments by the Sub-Fund which is attributable to the SGD Share Class will be reinvested and this will be reflected in the NAV of the Shares of such Class.

## 7. Fees and Charges

### For purchase and sale of Shares on the SGX-ST using cash or SRS monies

- (a) Subscription fee or preliminary charge - Nil.
- (b) Redemption or realisation charge - Nil.
- (c) Switching fee - Not applicable.
- (d) Any other fee - Cost of Dealing on the SGX-ST

If you deal on the SGX-ST, you will typically not bear any costs related to the creation and redemption of Shares. However, you will need to pay brokers' commissions, clearing fees and other costs associated with dealing on the SGX-ST. These amounts are subject to your individual agreement with, and are paid directly by you to, your broker, the CDP and your other service providers (including SRS operators).

### For subscription and/or redemption of Shares in cash by or through Participating Dealers

- (a) Subscription fee or preliminary charge - Nil.
- (b) Redemption or realisation charge - Nil.
- (c) Switching fee - Not applicable.
- (d) Duties and Charges - Up to 0.50% of the subscription or redemption amount (as the case may be) will be payable to the Sub-Fund.

For subscription and/or redemption of Shares in cash, the Company is entitled to charge Duties and Charges for the account of the Sub-Fund which would be used to defray the Sub-Fund's costs in the form of stamp duties, brokerage fees, clearing fees and taxes in investing cash for assets or realising the Sub-Fund's assets for cash, to prevent the NAV of the Sub-Fund from being diluted by the high transactional costs which would be incurred by the Sub-Fund. The Company may, in its absolute discretion, waive either absolutely or subject to such conditions as it deems fit all or part of the Duties and Charges.

- (e) Any other fee - You will also have to bear normal brokerage and other fees charged by your stockbrokers.

For subscription and/or redemption of Shares in-kind by or through Participating Dealers

- (a) Subscription fee or preliminary charge - Nil.
- (b) Redemption or realisation charge - Nil.
- (c) Switching fee - Not applicable.
- (d) Transaction Fee for each Creation Request - Currently S\$ 800 per request, subject to a maximum of S\$ 5,000 per request.
- (e) Transaction Fee for each Redemption Request - Currently S\$ 800 per request, subject to a maximum of S\$ 5,000 per request.

For subscription and/or redemption of Shares in-kind, the Company is entitled to charge the Participating Dealers a Transaction Fee for the account of the Sub-Fund. The Transaction Fee would be used to defray the Sub-Fund's expenses in transfer and other administrative costs involved in creating Shares. The Transaction Fee is charged per request, regardless of the number of Creation Unit being created or redeemed. The Company may, in its absolute discretion, waive either absolutely or subject to such conditions as it deems fit all or part of the Transaction Fee for Designated Market Makers of the Sub-Fund. Participating Dealers may require the investors to bear the Transaction Fee.

- (f) Any other fee - You will also have to bear normal brokerage and other fees charged by your stockbrokers.

The Sub-Fund will have to pay the following fees and charges out of its assets:

- (a) Management Fee - 0.50% per annum of the Sub-Fund Asset; Maximum: 1.00% per annum of the Sub-Fund Asset.  
The Management Fee is retained by the Manager as the Manager does not pay any trailer fees with respect to the Sub-Fund.
- (b) Other Fees and Charges - Other fees and charges, including inter alia Custodian, Registrar and Fund Administration fees may each amount to or exceed 0.10% per annum, depending on the proportion that each fee or charge bears to the Sub-Fund Asset.

Based on the audited accounts for the year ended 31 December 2023, the transaction costs and Index licence fees amounted to approximately 0.11% and 0.15% of the Sub-Fund Asset respectively.

The Company intends to cap the total expense ratio of the Sub-Fund at 0.70% per annum of the Sub-Fund Asset. Any fees and expenses that are payable by the Sub-Fund in excess of 0.70% per annum of the Sub-Fund Asset will be borne by the Manager and not the Sub-Fund.

**8. Risk Factors**

All of the risk factors as elaborated under paragraph 46 of this Prospectus are relevant to the Sub-Fund.

**9. Subscription or Redemption by or through the Participating Dealers**

Cash subscription or redemption

Minimum Subscription Amount	50,000 Shares (or such higher number of Shares in multiples of 1,000 Shares)
Minimum Redemption Amount	50,000 Shares (or such higher number of Shares in multiples of 1,000 Shares)

In-kind subscription or redemption

Creation Unit	500,000 Shares (or such higher number of Shares in multiples of 500,000 Shares)
Redemption Unit	500,000 Shares (or such higher number of Shares in multiples of 500,000 Shares)

**10. Performance and Benchmark of the Sub-Fund**

10.1 The performance of the Sub-Fund as at 28 June 2024 is shown in the table below:

	Return over 1 year	Return over 3 years (A.C.R.)	Return over 5 years (A.C.R.)	Return over 10 years (A.C.R.)	Return since Inception (A.C.R.)
*SGD Share Class	-34.27%	N.A.	N.A.	N.A.	-32.60%
Benchmark	-33.42%	N.A.	N.A.	N.A.	-31.82%

\* Calculated on a NAV-to-NAV basis, S\$, with all dividends and distributions reinvested (net of reinvestment charges), if any.

Source: MSCI China All Shares IMI Future Mobility Top 50 Index

Inception Date of the Sub-Fund: 20 January 2022.

"**A.C.R.**" means Average Annual Compounded Return

10.2 The return on the Sub-Fund as shown in the table in paragraph 10.1 above is calculated on a single pricing basis. There is no subscription fee or realisation charge for the Sub-Fund payable presently or during the duration of the periods for which the returns are calculated.

- 10.3 The returns for the Sub-Fund are calculated on the assumption that all dividends to the Sub-Fund and distributions (if any) made by the Sub-Fund are reinvested, taking into account all charges which would have been payable upon such reinvestment.
- 10.4 You should note that the performance of the Sub-Fund is calculated on a total return basis which includes dividends and distributions (if any) and the performance of the benchmark is also calculated on a total return basis assuming reinvestment of dividends (if any). You should also note that the past performance of the Sub-Fund indicated in paragraph 10.1 above is not necessarily indicative of the future performance of the Sub-Fund.
- 10.5 As required under the regulations made under the Securities and Futures Act, this Prospectus does not contain any other information on past performance based on simulated results of a hypothetical collective investment scheme.
- 10.6 The benchmark against which the performance of the Sub-Fund will be measured is the MSCI China All Shares IMI Future Mobility Top 50 Index.
- 10.7. Expense ratio

The expense ratio of the Sub-Fund (calculated in accordance with Investment Management Association of Singapore's guidelines on the disclosure of expense ratios and based on figures in the Sub-Fund's latest audited accounts) for the period from 1 January 2023 to 31 December 2023 is 0.70%.

The Company intends to cap the total expense ratio of the Sub-Fund at 0.70% per annum of the Sub-Fund Asset. Any fees and expenses that are payable by the Sub-Fund in excess of 0.70% per annum of the Sub-Fund Asset will be borne by the Manager and not the Sub-Fund.

The following expenses (where applicable) are excluded from the calculation of the expense ratios:

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

10.8. Turnover ratio

The turnover ratio of the Sub-Fund (calculated based on the lesser of purchases or sales of underlying investments of the Sub-Fund expressed as a percentage of daily average NAV of the Sub-Fund) for the period from 1 January 2023 to 31 December 2023 is 23.95%.

**11. Information on the Index**

The information presented in this Appendix has been extracted from publicly available documents that have not been prepared or independently verified by the Company, the Manager or any of

their respective affiliates or advisers in connection with the offering and listing of Shares and none of them makes any representation as to or takes any responsibility for the accuracy or completeness of this Appendix. The information presented in this Appendix is subject to change by the Index Licensor.

As at 20 August 2024, the composition and weightings of the top 10 constituent securities of the Index were as follows:

<b><u>S/N</u></b>	<b><u>Issuer</u></b>	<b><u>Weighting<sup>11</sup></u></b>
1	LI AUTO (HK)	11.65%
2	CONTEMPORARY A	10.12%
3	BYD CO H	7.62%
4	GEELY AUTOMOBILE HLDGS	6.29%
5	NIO A ADR	5.38%
6	BYD CO A	4.56%
7	SUNGROW POWER SUPPLY A	4.25%
8	EVE ENERGY A	3.13%
9	QINGHAI SALT LAKE IND A	2.91%
10	XPENG (HK)	2.73%

Source: MSCI

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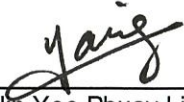
<sup>11</sup> These percentages have been rounded to two decimal places.

**APPENDIX II**

**LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS  
OVER THE LAST 5 YEARS**


<b>Current Directorships</b>	<b>Past Directorships of last 5 Years</b>
<b>Phillip Yeo Phuay Lik</b>	
Nikko Asset Management Luxembourg S.A.	Nil
<b>Yan Ying Ying</b>	
Nil	Nil
<b>Lee Ken Hoon</b>	
Nil	Nil

**BOARD OF DIRECTORS**



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Phillip Yeo Phuay Lik  
Director  
(Signed by Yan Ying Ying for and on  
behalf of Phillip Yeo Phuay Lik)



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Yan Ying Ying  
Director



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Lee Ken Hoon  
Director  
(Signed by Yan Ying Ying for and on  
behalf of Lee Ken Hoon)

**PROSPECTUS OF NIKKO AM ASIA LIMITED VCC**