

# LionGlobal Emerging Markets Bond Fund

# LIONGLOBAL EMERGING MARKETS BOND FUND

## Directory

### Managers

Lion Global Investors Limited  
(Company Registration No. 198601745D)  
One George Street, #08-01, Singapore 049145  
(Address with effect from or around 1 August 2011:  
65 Chulia Street, #18-01 OCBC Centre, Singapore 049513)

### Directors of the Managers

David Philbrick Conner (Chairman)  
Christopher Brian Wei (Deputy Chairman)  
Gerard Lee How Cheng (CEO)  
Soon Tit Koon  
Cheong Jin Keat  
Yoon Mun Thim  
Ching Wei Hong

### Trustee

HSBC Institutional Trust Services (Singapore) Limited  
(Company Registration No. 194900022R)  
21 Collyer Quay, #14-01 HSBC Building, Singapore 049320

### Auditors

PricewaterhouseCoopers LLP  
8 Cross Street, #17-00 PWC Building, Singapore 048424

### Solicitors to the Managers

Chan & Goh LLP  
50 Craig Road, #03-01, Singapore 089688

### Solicitors to the Trustee

Shook Lin & Bok LLP  
1 Robinson Road, #18-00 AIA Tower, Singapore 048542

# LIONGLOBAL EMERGING MARKETS BOND FUND

## Important Information

The managers of the LionGlobal Emerging Markets Bond Fund (the "**Fund**"), Lion Global Investors Limited (the "**Managers**"), accept full responsibility for the accuracy of information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, this Prospectus contains all information with respect to the Fund which is material in the context of the offer of units of the Fund ("**Units**") hereunder and the statements contained in this Prospectus are in every material respect true and accurate and not misleading and, there are no other facts the omission of which would make any statement in this Prospectus misleading. Unless otherwise stated, all terms not defined in this Prospectus have the same meanings as used in the deed of trust (as amended) relating to the Fund (the "**Deed**").

Investors should consult the relevant provisions of the Deed and obtain independent professional advice in the event of any doubt or ambiguity relating thereto.

No application has been made for the Units to be listed on any stock exchange. Any holder of Units may request the Managers to realise all or part of his holding of Units in accordance with and subject to the provisions of the Deed. The Managers' unit trusts and investment products, except for guaranteed funds, are not obligations of, deposits in, or guaranteed by the Managers or any of their affiliates. An investment in unit trusts and/or other investment products is subject to investment risks, including the possible loss of the principal amount invested. Past performance figures are not necessarily indicative of future performance of any unit trust. Investors should note that the value of Units and the income from them may fall as well as rise.

Potential investors should seek independent professional advice to ascertain (a) the possible tax consequences, (b) the legal requirements, or (c) any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of their citizenship, residence or domicile, which may be relevant to the subscription, holding or disposal of Units in the Fund and should inform themselves of and observe all such laws and regulations in any relevant jurisdiction that may be applicable to them.

The distribution of this Prospectus and the offering, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. We require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to us. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful.

### Restriction on U.S. Persons on subscribing to our funds

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur. In particular, please note that the Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any other applicable law of the United States. The Fund has not been and will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended. The Units are being offered and sold outside the United States to persons that are not "U.S. persons" (as defined in Regulation S promulgated under the U.S. Securities Act) in reliance on Regulation S promulgated under the U.S. Securities Act. The Units are not being offered or made available to U.S. persons and nothing in this Prospectus is directed to or is intended for U.S. persons.

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

For the purposes of the U.S. Securities Act, the term "U.S. person" does not include: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual), resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if (a) an executor or administrator of the

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

Investors should also consider the risks of investing in Units which are summarised in Part VIII of this Prospectus.

All enquiries in relation to the Fund should be directed to the Managers or any agent or distributor appointed by the Managers.

### **Managers' Policy on Market Timing**

The Fund is designed and managed to support medium to long-term investments. In this regard, the Managers take a serious view of, and strongly discourage the practice of, market timing (that is, investors conducting short-term buying or selling of the Units to gain from inefficiencies in pricing) as such practices may cause an overall detriment to the long-term interests of other investors. In addition, short-term trading in Units increases the total transaction costs of the Fund, such as trading commission and other costs which are absorbed by all other investors. Moreover, the widespread practice of market timing may cause large movements of cash in the Fund which may disrupt the investment strategies to the detriment of long-term investors. For the reasons set out above, the Managers strongly discourage the practice of market timing and may implement internal measures to monitor and control such practice to the extent of their powers available under the Deed. The Managers intend to review their policy on market timing from time to time in a continuous effort to protect the long-term interests of investors in the Fund.

LIONGLOBAL EMERGING MARKETS BOND FUND

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## LIONGLOBAL EMERGING MARKETS BOND FUND

*The Fund offered in this Prospectus is an authorised scheme under the Securities and Futures Act (Chapter 289) of Singapore (the "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. The registration of this Prospectus by the Authority does not imply that the SFA, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the Fund. The meanings of terms not defined in this Prospectus can be found in the deed of trust constituting the Fund.*

### I. BASIC INFORMATION

#### 1. LionGlobal Emerging Markets Bond Fund

The Fund is an open-ended stand-alone unit trust constituted in Singapore.

#### 2. Date of registration and expiry date of Prospectus

The date of registration of this Prospectus with the Authority is 21 June 2011. This Prospectus shall be valid for 12 months from the date of registration (i.e., up to and including 20 June 2012) and shall expire on 21 June 2012.

#### 3. Trust Deed

3.1 The deed of trust relating to the interests being offered for subscription or purchase (the "**Principal Deed**") is dated 9 September 2010 and the parties to the Principal Deed are Lion Global Investors Limited (the "**Managers**") and HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**"). The Principal Deed has been amended by a First Amending and Restating Deed dated 21 June 2011 (the "**First Amending and Restating Deed**") entered into between the Managers and the Trustee. The Principal Deed as amended by the First Amending and Restating Deed shall hereinafter be referred to as the "**Deed**".

3.2 The terms and conditions of the Deed shall be binding on each unitholder (each a "**Holder**" and collectively the "**Holders**") and all persons claiming through such Holder as if such Holder had been a party to the Deed and as if the Deed contained covenants on the part of such Holder to observe and be bound by all provisions of the Deed and an authorisation by each Holder to do all such acts and things as the Deed may require the Trustee or the Managers (as the case may be) to do.

3.3 A copy of the Deed shall be made available for inspection free of charge, at all times during usual business hours at the registered office of the Managers at One George Street, #08-01, Singapore 049145 (address with effect from or around 1 August 2011: 65 Chulia Street, #18-01 OCBC Centre, Singapore 049513) and will be supplied by the Managers to any person upon request at a charge of S\$25 per copy of each document (or such other amount as the Trustee and the Managers may from time to time agree in writing).

#### 4. Accounts, reports and audited financial statements

As the Fund is a newly established fund, the annual and semi-annual accounts and reports and the auditors' report on the annual accounts of the Fund are not available as at the date of registration of this Prospectus. Copies of the latest annual and semi-annual accounts and reports as well as the auditor's report on the annual accounts relating to the Fund, when available, may be obtained during usual business hours from the Managers upon request at their registered office at One George Street, #08-01, Singapore 049145 (address with effect from or around 1 August 2011: 65 Chulia Street, #18-01 OCBC Centre, Singapore 049513).

### II. THE MANAGERS

5. The Managers of the Fund are Lion Global Investors Limited, whose registered office is at One George Street, #08-01, Singapore 049145 (address with effect from or around 1 August 2011: 65 Chulia Street, #18-01 OCBC Centre, Singapore 049513).

#### 6. Track Records of the Managers and the Sub-Advisor

##### Track record of the Managers

Lion Global Investors Limited, one of the largest asset management companies in Southeast Asia, is 70% owned by Great Eastern Holdings Limited and 30% owned by Orient Holdings Private Limited, a wholly-owned subsidiary of Oversea-Chinese Banking Corporation Limited ("**OCBC**").

The Managers have a total staff strength of about 141 with about 50 experienced investment professionals including portfolio managers, analysts and traders managing assets of about S\$29.0 billion as at 31 March 2011. The Managers offer a comprehensive suite of investment products covering all asset classes and their clients include government and government-linked corporations, public and private companies, charitable organisations and individual investors.

The Managers have an experienced team of investment professionals dedicated to regional and global equities and fixed income markets. The average years of experience of each member of the investment team spans more than 10 years. The Managers' investment capabilities are greatly enhanced by its specialised teams of experienced analysts and investment managers. The Managers' approach to investment is team-based and research-intensive, combining in-depth market insights with comprehensive sector knowledge.

The Managers have been managing collective investment schemes and discretionary funds in Singapore since 1987 and investment-linked funds since 1996. Since 1999, Lion Global Investors has won a total of 123 awards for investments in local, regional and global markets and across asset classes. Please refer to the Managers' website at [www.lionglobalinvestors.com](http://www.lionglobalinvestors.com) for the full list of awards.

***Investors should note that past performance of the Managers is not necessarily indicative of the future performance of the Managers.***

#### Track record of the Sub-Advisor

The sub-advisor of the Fund is Bank of Singapore Limited (the "**Sub-Advisor**" or "**BOS**"), whose place of business is at 9 Raffles Place #08-01 Republic Plaza, Singapore 048619.

BOS (formerly ING Asia Private Bank) is a wholly owned subsidiary of OCBC Bank, the second-largest financial services groups in Southeast Asia by assets and one of the world's most highly-rated banks. BOS is licensed by the Authority under the Banking Act since 1976. It is exempted from the requirements to hold a capital markets services license under the Securities and Futures Act (Chapter 289 of Singapore) ("**SFA**") and also exempted from the requirements to hold a financial adviser's license under the Financial Advisers Act (Chapter 110 of Singapore) ("**FAA**").

BOS was recently voted <sup>1</sup>Best Private Bank in Singapore and <sup>2</sup>Best Private Wealth Management Bank in Southeast Asia and Singapore. The bank has built on its past success and is ranked among the <sup>3</sup> top five global private banks in Asia, earning its reputation as Asia's global private bank, with a dedicated private banking subsidiary that is headquartered in Singapore.

BOS adopts a global private banking approach and offers a unique open-architecture product platform that is supported by a proprietary research framework that provides independent advice. It offers its clients the best of both worlds - combining global knowledge with a distinct level of service that is among the best in the industry.

Rated Aa1 (equivalent to a Standard & Poor's rating of AA+) with a stable outlook by Moody's, BOS is able to leverage on OCBC Bank's extensive regional branch network and expertise to ensure its clientele is able to access a broad array of specialist financial products and services.

From consumer, corporate, investment and transaction banking to treasury, insurance, asset management and stock-broking services BOS offers the best of breed products and a wide range of capabilities associated with an international private bank.

Emerging market bonds is one of BOS' core offerings. BOS distinguishes themselves with their edge in understanding emerging markets, and their direct access to corporate issuers and brokers offers clients the required analysis for informed decision making. BOS' team of experienced research analysts and portfolio managers has been applying their extensive knowledge and expertise on emerging market bonds to advise and manage portfolios for clients.

The fees of the Sub-Advisor are paid by the Managers out of their management fee and are not paid out of the assets of the Fund.

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<sup>1</sup> Finance Asia 2010

<sup>2</sup> Alpha South East Asia 2010

<sup>3</sup> Asiamoney

**Investors should note that past performance of the Sub-Advisor is not necessarily indicative of the future performance of the Sub-Advisor.**

### III. THE TRUSTEE

7. The Trustee is HSBC Institutional Trust Services (Singapore) Limited, whose registered office is at 21 Collyer Quay, #14-01 HSBC Building, Singapore 049320.

### IV. OTHER PARTIES

8. The Trustee is the registrar of the Fund and the register of Holders (the "**Register**") is kept and maintained at 20 Pasir Panjang Road (East Lobby), #12-21 Mapletree Business City, Singapore 117439 and is accessible to the public during normal business hours subject to reasonable conditions and restrictions as the Managers or Trustee may impose.

The Register is conclusive evidence of the number of Units held by each Holder and the entries in the Register shall prevail in the event of any discrepancy between the entries in the Register and the details appearing on any statement of holding, unless the Holder proves to the satisfaction of the Managers and the Trustee that the Register is incorrect.

9. The auditors of the accounts relating to the interests under the Deed are PricewaterhouseCoopers LLP and the registered address of the auditors is 8 Cross Street, #17-00 PWC Building, Singapore 048424.

### V. STRUCTURE OF THE FUND

10. The Fund is an open-ended standalone unit trust. Presently, the Fund has established four classes ("**Classes**") of Units, namely:

- (a) Class A US\$ Units
- (b) Class A S\$ (Hedged) Units
- (c) Class C US\$ Units
- (d) Class C S\$ (Hedged) Units.

Class A US\$ Units and Class C US\$ Units, being Units denominated in US Dollars shall collectively be referred to as US\$ Units.

Class A S\$ (Hedged) Units and Class C S\$ (Hedged) Units, being Units denominated in Singapore Dollars shall collectively be referred to as S\$ (Hedged) Units.

The Managers may at their absolute discretion offer any one or more Classes for subscription to investors. The assets of the Fund will be valued in US\$.

Investors should note that although there are four Classes of Units established within the Fund, each Class is not a separate fund from the other. Subscriptions collected by the Managers from all Classes are therefore pooled and invested as a single Fund.

A separate Net Asset Value per Unit will be calculated for each Class. The Net Asset Value per Unit of each Class will be calculated on each Dealing Day in the currency of the relevant Class. It will be calculated by dividing the net asset value attributable to each Class, being the proportionate value of its assets less its liabilities, by the number of Units of such Class then in issue. The resultant amount shall be rounded down to the nearest three decimal places (or such other number of decimal places or any method of rounding determined by the Managers with the approval of the Trustee).

"**US\$**" means the lawful currency of the United States of America and "**S\$**" means the lawful currency of Singapore.

#### S\$ (Hedged) Units

The base currency of the Fund is the US\$. In respect of the S\$ (Hedged) Units, the Managers have the ability to hedge the units of such Class in relation to the base currency in such manner as they deem appropriate.

Where hedging of this kind is undertaken, the Managers may engage, for the exclusive account of the S\$ (Hedged) Units, in, amongst other things, currency forwards, currency futures, currency option transactions and currency swaps in order to preserve the value of the S\$ (Hedged) Units against the base currency.

Where undertaken, the effects of this hedging will be reflected in the Net Asset Value of the S\$ (Hedged) Units, and, therefore, in the performance of the S\$ (Hedged) Units. Similarly, any expenses arising from such hedging transactions will be borne by the S\$ (Hedged) Units.

These hedging transactions may be entered into whether the S\$ is declining or increasing in value relative to the base currency. The Managers endeavour to undertake such hedging with the intention of protecting investors in the S\$ (Hedged) Units against a decrease in the value of the base currency relative to the S\$. However, it may also preclude investors from benefiting from an increase in the value of the base currency. It should be noted that there is no guarantee that such a strategy will be able to achieve its objective.

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

### **11. Investment Objective**

The investment objective of the Fund is to provide total return of capital growth and income over the medium to long term by primarily investing in global Emerging Markets debt securities.

“Emerging Markets” include, but are not limited to, developing countries in Asia, Latin America, Europe, Africa and the Middle East.

### **12. Investment Focus and Approach**

#### Investment Philosophy

The Managers believe in both the ‘top-down’ and ‘bottom-up’ approaches toward the management of their fixed income portfolios. The Managers aim to add value in five principal areas, namely, country, duration, yield curve, currency and credit.

Risk management, with an emphasis on portfolio diversification, forms an integral part of the Managers’ investment process.

#### Investment Process

The Managers’ investment process incorporates both the ‘top-down’ and ‘bottom-up’ approaches.

The top-down approach employs three forms of analysis - fundamental, technical and valuation, to add value in the areas of country, duration, yield curve and currency.

The bottom-up approach aims to enhance the portfolio’s return via active credit selection and to identify under-valued and over-valued securities for timely investment decisions.

The Fund will invest in fixed and floating rate debt securities, convertible bonds, REITs, business trusts and other debt-related securities issued by corporates, governments, quasi-government, government agencies and supranationals. These may or may not be listed and may be non-investment grade or unrated, and can be denominated in local currencies or US\$.

The Fund may also invest in currency deposits and short-term money market instruments including but not limited to convertible and non-convertible corporate debt securities including bonds, debentures, loan stock, notes, certificates of deposit, variable rate certificates of deposit, bankers’ acceptances, commercial paper issued by corporations or government bodies including short term unsecured promissory notes, treasury bills, and all other fixed or floating rate instruments or interest rate futures and options.

The Fund may also invest in financial derivative instruments (“**FDIs**”) (as elaborated in paragraph 42 of this Prospectus).

## **VII. FEES AND CHARGES**

- 13.** All fees and charges that are payable by investors and payable out of the Fund are outlined in the following table:

<b>Fees payable by a Holder</b>	
Preliminary Charge	Currently 3%; maximum 5%.
Realisation Charge	Currently Nil; maximum 5%.
Switching Fee	Currently 1%*; maximum 5%.

<b>Fees payable out of the assets of the Fund</b>	
Inception Fee	Trustee will be paid a one-time inception fee of US\$3,500.00.
Annual Management Fee	Class A: Currently 1.5% p.a.; maximum 2% p.a.
	Class C: Up to a maximum of 2% p.a.
Annual Trustee Remuneration	Currently not more than 0.1% p.a.; maximum 0.25% p.a.; subject always to a minimum of US\$10,000.00 p.a. (or such lower amount agreed to by the Trustee). The Trustee has presently agreed to charge a minimum of US\$7,000.00 p.a.

The fees of the Sub-Advisor are paid by the Managers out of their management fee and are not paid out of the assets of the Fund.

\* In the case of a switch of Units to units of another fund managed by the Managers (the "New Fund"), the switching fee referred to relates to the 1% preliminary charge imposed by the Managers for investment into the New Fund. Such 1% switching fee would, in the case of a New Fund which normally imposes a preliminary charge of more than 1%, effectively translate to a discount of the preliminary charge of the New Fund. Currently, no switching fee is charged for a switch to units in a money market fund and for switching of Units between different Classes within the Fund which are denominated in the same currency.

The fees and charges payable by the Holders and the Fund may be raised from the current rate to a higher rate, but subject always to the maximum rate, by the Managers upon giving at least one month's written notice to the Trustee and the Holders.

As required by the Code on Collective Investment Schemes issued by the Authority (as amended from time to time) (the "**Code**"), all marketing, promotional and advertising expenses in relation to the Fund will be borne by the Managers and not charged to the Fund.

## VIII. RISKS

### 14. General Risks

- 14.1 Investors should consider and satisfy themselves as to the risks of investing in the Fund. Generally, some of the risk factors that should be considered by the investors of the Fund include market, derivatives, issuer, liquidity, economic, political, repatriation, regulatory, currency and emerging market risks and risks associated with investments in debt securities including interest rate and default risks.
- 14.2 An investment in the Fund is meant to produce returns over the long-term. Investors should not expect to obtain short-term gains from such investment.
- 14.3 Investors should note that the value of Units, and the income accruing to the Units, may fall or rise and that investors may not get back their original investment.

### 15. Specific Risks

#### 15.1 Market Risk

The risks of investing and participating in listed and unlisted securities apply. Prices of securities may go up or down in response to changes in economic conditions, interest rates, and the market's perception of securities. These may cause the price of Units to go up or down as the price of Units is based on the current market value of the investments of the Fund.

There are risks of investing in bonds and other fixed income securities. Bond prices may go up or down in response to interest rates with increases in interest rates leading to falling bond prices.

The market prices of bonds and other fixed income securities are also affected by credit risks, such as risk of default by issuers and liquidity risk.

## 15.2 Derivatives Risk

The Fund may, subject to applicable investment guidelines in the Code and the Deed, from time to time invest in derivatives, which are financial contracts whose value depend on, or is derived from, the value of an underlying asset, reference rate or index for the purposes of hedging, efficient portfolio management and meeting its investment objective. Such assets, rates and indices may include (but are not limited to) bonds, shares, interest rates, currency exchange rates, bond indices and stock indices.

While the judicious use of derivatives by professional investment managers can be beneficial, derivatives involve risks different from, and, in some cases, greater than, the risks presented by more traditional securities investments. Some of the risks associated with derivatives are market risk, management risk, credit risk, liquidity risk and leverage risk.

As the viability of exercising derivative instruments depends on the market price of the investments to which they relate, it may be the case that the Managers may from time to time consider it not viable to exercise certain derivatives held by the Fund within the prescribed period, in which case any costs incurred in obtaining the derivatives will not be recoverable. There is also the risk that the market price of the relevant investment will not exceed the exercise price attached to the derivative instrument at any time during the exercise period or at the time at which the derivative instrument is exercised and this may result in an immediate loss to the Fund.

## 15.3 Issuer Risk

A fundamental risk to all fixed income securities is the risk that an issuer will fail to make principal and interest payments when due. Issuers with higher credit risk typically offer higher yields for this added risk. Generally government securities are considered to be the safest in terms of credit risk, while corporate debt, especially those with poorer credit ratings, have the highest credit risk. Changes in the financial condition of an issuer are also factors that may have an adverse impact on an issuer's credit quality and security values.

## 15.4 Political Risk

The political situation in the countries may have an effect on the value of the securities of companies in whose securities the Fund has invested, which may in turn have an impact on the value of the Units.

## 15.5 Currency Risk

As the investments of the Fund may be denominated in foreign currencies other than US\$ (in the case of US\$ Units) or the S\$ (in the case of S\$ (Hedged) Units), fluctuations of the exchange rates of foreign currencies against the relevant currency denomination of the Units may affect the value of the Units.

The Managers may from time to time employ currency hedging techniques to manage the impact of the exchange rate fluctuations on the Fund and/or for the purpose of efficient portfolio management for both Classes.

## 15.6 Distressed Securities Risk

The Fund may invest in distressed securities which are securities and obligations of entities that are experiencing significant financial or business difficulties. Distressed securities may result in significant returns, but also involve a substantial degree of risk. The Fund may lose a substantial portion or all of its investment in a distressed security or may be required to accept cash or securities with a value less than the Fund's investment. In addition, it frequently may be difficult for the Fund to obtain information as to the true condition of such issuers. The market price of such securities is subject to abrupt and erratic market movements and above average price volatility.

## 15.7 Repatriation Risk

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

## 15.8 Global Emerging Markets Risk

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

## 15.9 Risks associated with investments in debt securities

### Default Risk

Investments in debt securities are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, or an unanticipated rise in interest rates, which may impair the ability of the issuer to make payments of interest and principal, especially if the issuer is highly leveraged. Such issuer's ability to meet its debt obligations may also be adversely affected by specific corporate developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. Also, an economic downturn or an increase in interest rates may increase the potential for default by the issuers of these securities.

### Interest-rate Risk

Investments in debt securities are also subject to the risk of interest-rate fluctuations, and the prices of debt securities may go up or down in response to such fluctuations in interest rates.

### Risk of mis-management by debt issuers

The debt securities which the Fund may invest into may be issued by companies in emerging markets. Unlike developed markets, such emerging market companies are generally less transparent, have poorer corporate governance standards and are less well regulated. There are risks that management of such companies may not act at all times in the companies' best interest or may be subject to fraud, corruption or mis-management, which could have an adverse impact on the companies' credit standing or negatively affect such companies' ability to repay the principal and/or interest on debt securities which may have been invested into by the Fund.

## 15.10 Other Risks

The Fund's investments are also subject to liquidity and regulatory risks, for example, the introduction of new laws, the imposition of exchange controls, the adoption of restrictive provisions by individual companies or where a limit on the holding of the Fund in a particular company, sector or country by non-residents (individually or collectively) has been reached.

In addition, the Fund will be exposed to the credit risk of parties with whom it trades and will bear the risk of settlement default. The Trustee may also be instructed by the Managers to settle transactions on a delivery free of payment basis where the Managers believe and the Trustee agrees that this form of settlement is common market practice. Investors should be aware that this may result in a loss to the Fund if a transaction fails to settle, and the Trustee will not be liable to the Fund for such loss.

**The above should not be considered to be an exhaustive list of the risks which investors should consider before investing in the Fund. Investors should be aware that an investment in the Fund may be exposed to other risks of an exceptional nature from time to time.**

## IX. SUBSCRIPTION OF UNITS

### 16. Subscription Procedure

#### 16.1 Applications for Units may be made on the application form prescribed by the Managers or through any agent or distributor appointed by the Managers or any other sales channels, if applicable.

Investors in the S\$ (Hedged) Units may subscribe for Units either with cash or Supplementary Retirement Scheme ("SRS") monies. Investors who purchase Units using SRS monies may not be registered as Joint Holders of the Units. Investors paying with SRS monies shall instruct the relevant SRS operator bank to withdraw from his SRS account monies in respect of the S\$ (Hedged) Units applied for. Investors wishing to use their SRS monies to purchase Units shall indicate so on the application form.

No transfer of Units is permitted in respect of S\$ (Hedged) Units purchased by a Holder with SRS monies unless required or permitted by applicable laws or the relevant authorities.

Investors may pay for US\$ Units with cash only.

Notwithstanding receipt of the application forms, the Managers shall retain the absolute discretion to accept or reject any application for Units in accordance with the provisions of the Deed. In the event that an application for Units is rejected by the Managers, the application monies shall be refunded (without interest) to the investor within a reasonable time in such manner as the Managers or relevant authorised distributor shall determine. Any resultant bank charges would be borne by the investors.

Units will only be issued when the funds are cleared, although the Managers may at their discretion issue Units before receiving full payment in cleared funds.

No certificates will be issued by the Managers in respect of Units subscribed.

## 16.2 Regular Savings Plan

Holders of 5,000 Units (or the number of Units which were or would have been purchased for US\$5,000, in the case of US\$ Units or S\$5,000, in the case of S\$ (Hedged) Units at the prevailing issue price at the time of their initial subscription or purchase of Units) or more may participate in the Managers' regular savings plan by investing a minimum of US\$200, in respect of US\$ Units, or S\$200, in respect of S\$ (Hedged) Units, on a fixed day per month through direct debit.

Holders have a choice of paying for S\$ (Hedged) Units with cash or SRS monies. US\$ Units may not be paid using SRS monies. US\$ Units shall be paid for using cash or such other mode of payment acceptable to the Managers.

Units are allotted and payment will be debited from the Holder's account on the 25<sup>th</sup> day of each calendar month (or such other date as the distributors may stipulate) commencing on the month following the activation of the Holder's direct debit instructions. Where the 25<sup>th</sup> day of a calendar month (or such other date as the distributors may stipulate) is not a Business Day, the Holder's account will be debited on the next Business Day.

A Holder may terminate his participation in the regular savings plan without suffering any penalty upon giving 30 days' written notice to the Managers.

In the event that a Holder is in breach of his obligations under the regular savings plan as set out in this Prospectus or the relevant direct debit authorisation form or fails to maintain sufficient funds in his bank or SRS account, the Managers may terminate the participation of that Holder in the regular savings plan upon serving a written termination notice to such Holder.

The Managers shall not assume any liability for any losses arising from the Holder's payment for the regular savings plan via direct debit transactions. Any applicable bank and related charges incurred shall be borne by the investors.

## 17. Minimum initial subscription amount and minimum subsequent subscription amount

	Minimum initial subscription amount	Minimum subsequent subscription amount
US\$ Units	US\$5,000.00*	US\$200.00*
S\$ (Hedged) Units	S\$5,000.00*	S\$200.00*

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

## 18. Dealing Deadline and Pricing Basis

- 18.1 As Units are issued on a forward pricing basis, the issue price of Units after the Initial Offer Period shall not be ascertainable at the time of application for subscriptions of Units. In such instance, the issue price per Unit on each Dealing Day shall be an amount equal to the Net Asset Value per Unit as at the Valuation Point calculated in accordance with Clause 7(B)(ii) of the Deed. The Net Asset Value per Unit shall be rounded down to the nearest 3 decimal places or in such manner as the Managers may from time to time determine after consultation with the Trustee.

- 18.2 The dealing deadline is 3 p.m. Singapore time on each Dealing Day.
- 18.3 Units in respect of applications received and accepted by the Managers before the dealing deadline will be issued at that Dealing Day's issue price calculated in accordance with the Deed.
- 18.4 Applications received after the dealing deadline or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day. If subscription monies are not received for value by the Managers by the 2<sup>nd</sup> Business Day (or such other day as may be determined by the Managers with relevant notice to the Trustee) after an application for subscription of Units, such application will be deemed to be cancelled.

**"Business Day"** means any day (other than a Saturday or Sunday or a gazetted public holiday) on which commercial banks in Singapore are open for business or any other day as the Managers and the Trustee may agree in writing.

**"Dealing Day"** means every Business Day (other than a day on which the relevant Recognised Stock Exchange is closed) or such other Business Day or Business Days which the Managers may decide as they deem appropriate upon giving reasonable notice to the Trustee who shall decide if a notice to notify Holders of such determination is required.

**"Valuation Point"** means the close of business of the relevant market on a Dealing Day (or such other time as the Managers with the approval of the Trustee may from time to time determine) and the Trustee shall decide if a notice to notify Holders of such determination is required.

## 19. Numerical example

The number of Units an investor will receive with an investment amount of \$5,000.00<sup>^</sup>, assuming a Preliminary Charge of 3% and based on a notional issue price of \$1.000<sup>^</sup>, will be calculated as follows:

\$5,000.00 <sup>^</sup>	-	\$150.00 <sup>^</sup>	=	\$4,850.00 <sup>^</sup>	/	\$1.000 <sup>^</sup>	=	4,850.00
Your investment		Preliminary Charge (currently 3%)		Investment amount after Preliminary Charge		Notional issue price (= Net Asset Value per Unit)		Units No. of Units subscribed

<sup>^</sup> In S\$ or US\$, as the case may be.

*Investors should note that the notional Issue Price is for illustrative purposes only and is not indicative of any future or likely performance of the Fund. The value of Units and the income from them may go down as well as up. Investors should read this Prospectus before investing.*

The Preliminary Charge (if any) shall be retained by the Managers and the amount of any adjustments shall be retained by the Fund.

## 20. Confirmation of purchase

A confirmation note detailing the Holder's investment amount and the number of Units allotted to the Holder will be sent to the Holder within 10 Business Days from the date of issue of such Units.

## 21. Cancellation of initial subscription by Holders

First-time investors shall, subject to Clause 8(B) of the Deed and to the cancellation terms and conditions contained in the Notice to Cancel Form (available from the Managers), have the right to cancel their subscription of Units within 7 calendar days from the date of subscription of Units (or such longer period as may be agreed between the Managers and the Trustee or such other period as may be prescribed by the Authority) by providing notice in writing to the Managers or their authorised distributors in such forms as may be prescribed by the Managers.

Any applicable bank and related charges incurred in cancellation and returning the proceeds would be borne by the investors.

Full details relating to the cancellation of Units may be found in the cancellation terms and conditions contained in the Notice to Cancel Form.

## X. REALISATION OF UNITS

### 22. Realisation Procedure

Holders may realise their Units on any Dealing Day by submitting realisation forms to the Managers or through any agent or distributor appointed by the Managers, if applicable. Holders may realise their Units in full or partially, subject to paragraphs 23 and 24 below.

Investors should note that any realisation of Units may be limited by the total number of Units to be realised on any Dealing Day and may not exceed 10% of the total number of Units realised on any Dealing Day, such limitation to be applied pro rata to all Holders. Any Units not realised shall be realised on the next Dealing Day, subject to the same limitation. Investors should note that Units cancelled pursuant to paragraph 21 of this Prospectus will be included in determining whether this 10% limit is exceeded.

### 23. Minimum holding and minimum realisation amount

23.1 The minimum holding amount is such number of Units as may be purchased for US\$5,000 (for US\$ Units) or S\$5,000 (for S\$ (Hedged) Units) or 5,000 Units or such other number of Units or purchased amount as the Managers may from time to time prescribe and subject to the Managers' sole discretion upon giving prior notice to the Trustee and relevant notice to the Holders ("**Minimum Holding**"). A Holder shall not be entitled to realise only part of his holding of Units if by so realising his holding would be reduced to less than the Minimum Holding.

23.2 The minimum realisation amount is 100 Units in respect of the US\$ Units and the S\$ (Hedged) Units or such lower amount as the Managers may in any particular case or generally determine.

### 24. Dealing Deadline and Pricing Basis

24.1 As Units are realised on a forward pricing basis, the realisation price of Units is not ascertainable at the time of realisation.

24.2 Units in respect of realisation forms received and accepted by the Managers by the dealing deadline of 3 p.m. Singapore time on each Dealing Day shall be realised at that Dealing Day's realisation price. Realisation forms received after the dealing deadline or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day.

24.3 The realisation price in respect of a Dealing Day is based on the Net Asset Value per Unit as at the Valuation Point in relation to that Dealing Day on which the realisation form is received as provided for in Clause 9(D) of the Deed or, in the event that the realisation of Units is suspended pursuant to paragraph 29 below, in respect of the Dealing Day immediately following the cessation of such suspension. The gross realisation proceeds less the realisation charge (if any) shall be paid to the redeeming Holder. The realisation charge (if any) shall be retained by the Managers and the amount of adjustment aforesaid shall be retained by the Fund (unless permitted by the Authority to be retained by the Managers).

The Managers may, subject to the prior approval of the Trustee, change the method of determining the realisation price as provided in the Deed and the Trustee shall determine if the Holders should be informed of such change.

### 25. Numerical example

The net realisation proceeds payable to an investor on the realisation of 1,000 Units of the Fund, and on a notional realisation price of \$1.050<sup>^</sup> and on the basis that there is no realisation charge, will be calculated as follows:

1,000 Units	x	\$1.050 <sup>^</sup>	=	\$1,050.00 <sup>^</sup>
Realisation request		Notional realisation price		Gross realisation proceeds
\$1,050.00 <sup>^</sup>	-	Nil	=	\$1,050.00 <sup>^</sup>
Gross realisation proceeds		Realisation Charge*		Net Realisation proceeds

\* No Realisation Charge is currently being imposed.

<sup>^</sup> In S\$ or US\$, as the case may be.

Investors should note that the notional realisation price is for illustrative purposes only and is not indicative of any future or likely performance of the Fund.

## **26. Payment of realisation proceeds**

- 26.1 Realisation proceeds shall be paid within 4 Business Days (or such other period as may be permitted by the Authority) following the receipt and acceptance of the realisation form by the Managers unless the realisation of Units has been suspended in accordance with the suspension provisions in the Deed as reproduced in paragraph 29 below.
- 26.2 The realisation proceeds will be paid in US\$ (for US\$ Units) and S\$ (for S\$ (Hedged) Units).
- 26.3 If an investor is resident outside Singapore, the Managers shall be entitled to deduct from the total amount (which would otherwise be payable on the purchase from the investor) an amount equal to the excess of the expenses actually incurred over the amount of expenses which would have been incurred if the investor had been resident in Singapore. Any applicable bank and related charges incurred in the payment of realisation proceeds shall be borne by the investors.

## **XI. SWITCHING OF UNITS**

27. The Managers may at their discretion and on such terms and conditions as they may impose, subject to the terms of the relevant trust deeds, permit each Holder of Units from time to time to switch all or any of the Units held by him (the "**Original Units**") into units of another fund managed by the Managers (the "**New Fund**") or to another Class of Units within the Fund which is denominated in the same currency as the Original Units held by the Holder (the "**New Class**"). Any switching shall be effected by way of realisation of the Original Units and followed by issuance of units in the New Fund or the New Class (as the case may be) subject to the terms of the relevant trust deeds upon the receipt of cleared funds.

No switching of Units may be made which would result in the relevant Holder holding in respect of either the Fund, the New Fund or the New Class (as the case may be), fewer units than the relevant minimum holding of such funds or Class (as the case may be). If the number of units of the New Fund or the New Class (as the case may be) so produced shall include any fraction of more than two decimal places, such fraction shall be ignored and any moneys arising from such fraction shall be forfeited and retained as part of the New Fund or in the case of the New Class, within the Fund.

Units purchased with SRS monies or cash may only be switched to units of the New Fund or the New Class purchased with SRS monies or cash respectively.

Switching shall only be permitted between the same currency of units between the Fund and the New Fund or the New Class (as the case may be), unless otherwise permitted by the Managers at their absolute discretion.

An application to switch may be made by a holder by giving to the Managers such application form as the Managers may from time to time require. Such switching request shall not be revocable without the consent of the Managers.

No Units shall be switched during any period when the right of Holders to require the realisation of Units is suspended pursuant to paragraph 29 of this Prospectus or on any Dealing Day on which the number of Units that can be realised is limited pursuant to paragraph 22 of this Prospectus.

## **XII. PRICES OF UNITS**

### **28. Prices of units**

- 28.1 The indicative prices of Units are quoted on a forward basis and will likely be available two Business Days in Singapore after each relevant Dealing Day (subject to the publication policies of the relevant publisher). The prices will be published on the Managers' website at [www.lionglobalinvestors.com](http://www.lionglobalinvestors.com). The prices may also be published in The Straits Times, The Business Times, Lianhe Zaobao and selected major wire services or such other sources as the Managers may decide upon.
- 28.2 Investors should note that, other than in respect of the publications of the Managers, the Managers do not accept any responsibility for any errors on the part of the relevant publisher in the prices published in the abovementioned newspapers and wire services or for any non-publication of prices by such publisher and shall incur no liability in respect of any action taken or loss suffered by investors in reliance upon such publications.

### XIII. SUSPENSION OF DEALINGS

29. Subject to the provisions of the Code relating to suspension of dealings, the Managers or the Trustee, may with the approval of the other, suspend the issue, realisation and valuation of Units during:
- 29.1 any period when the Recognised Stock Exchange on which any Authorised Investments forming part of the deposited property of the Fund or Class for the time being are listed or dealt in is closed or during which dealings are restricted or suspended;
- 29.2 the existence of any state of affairs which, in the opinion of the Managers might seriously prejudice the interests of the Holders as a whole or of the deposited property of the Fund or Class;
- 29.3 any breakdown in the means of communication normally employed in determining the price of any of such Authorised Investments or the current price on that Recognised Stock Exchange or when for any reason the prices of any of such Authorised Investments cannot be promptly and accurately ascertained (including any period when the fair value of a material portion of the Authorised Investments cannot be determined);
- 29.4 any period when remittance of money which will or may be involved in the realisation of such Authorised Investments or in the payment for such Authorised Investments cannot, in the opinion of the Managers and the Trustee, be carried out at normal rates of exchange;
- 29.5 any 48-hour period (or such longer period as may be agreed between the Managers and the Trustee) prior to the date of any meeting of Holders of such Fund or Class (or any adjourned meeting thereof);
- 29.6 any period where dealing of Units is suspended pursuant to any order or direction of the Authority; or
- 29.7 any period when the business operations of the Managers or the Trustee in relation to the operations of the Fund or Class 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.
30. Subject to the provisions of the Code relating to suspension of dealings, such suspension shall take effect forthwith upon the declaration in writing thereof by the Managers or the Trustee and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorised under paragraph 29 shall exist upon the declaration in writing thereof by the Managers (or, as the case may be, the Trustee).

**“Authorised Investments”** means any of the following:-

- (i) any Quoted Investment;
- (ii) any Unquoted Investment;
- (iii) any fund and/or collective investment scheme;
- (iv) any Investment; and
- (v) any other type of security not mentioned in paragraphs (i) to (iv) above and selected by the Managers for investment of the deposited property of the Fund or Class and approved by the Trustee (such approval to be confirmed in writing),

provided that each of such Authorised Investments falling within paragraphs (i) to (v) of this definition shall be a Permissible Investment under the Code.

**“Investment”** means any Permissible Investment, including any share, stock, bond, note, debenture, debenture stock, loan, loan stock, repurchase agreements, warrant, option, futures, certificate of deposit, commercial paper, zero coupon bond, promissory note, treasury bill, fixed and floating rate instrument, unit or sub-unit in any unit trust scheme, participation in a mutual fund or similar scheme, future, forward, swap, collar, floor, loan convertible into security, index derivative, currency, or other securities (as defined in the SFA) or any money market instrument or derivative or any other securities which may be selected by the Managers for the purpose of investment of the Deposited Property of the Fund or which may for the time being form part thereof.

**“Permissible Investment(s)”** mean such investment as may be permitted to be made by the Fund under the Code.

**“Quoted Investment”** means any Investment which is quoted, dealt with or listed or in respect of which permission to deal is effective on a Recognised Stock Exchange.

**“Unquoted Investment”** means any Investment which is not quoted, listed or dealt in on any Recognised Stock Exchange.

**“Recognised Stock Exchange”** means any stock exchange or futures exchange or organised securities exchange or other market of sufficient repute in any part of the world as may be approved by the Managers and the Trustee and in relation to any particular Investment shall be deemed to include any responsible market maker and authorised dealer in the market in which the Investment is traded and any over-the-counter or electronic or telephone market of repute and any responsible firm, corporation or association in any part of the world dealing in the Investment and any responsible mutual fund or subsidiary thereof or unit trust scheme issuing and redeeming participations or Units (as the case may be) so as to provide in the opinion of the Managers with the approval of the Trustee a satisfactory market for the Investment and in such a case the Investment shall be deemed to be the subject of an effective permission to deal or listing on a Recognised Stock Exchange deemed to be constituted by such person, firm, corporation, association, mutual fund, subsidiary thereof or unit trust scheme.

#### **XIV. PERFORMANCE OF THE FUND**

- 31.** As the Fund was launched on 11 October 2010, a track record of at least one year is not available and no expense or turnover ratios are available.

The benchmark of the US\$ Units is JP Morgan Corporate Emerging Markets Bond Index Broad (CEMBI Broad).

The benchmark of the S\$ (Hedged) Units is JP Morgan Corporate Emerging Markets Bond Index Broad (CEMBI Broad) – hedged to SGD.

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

- 32.** The Managers shall be entitled to and intend to receive or enter into soft-dollar commissions or arrangements in respect of the Fund. The Managers will comply with applicable regulatory and industry standards on soft-dollar commissions or arrangements. The soft-dollar commissions which the Managers may receive include research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities used for and in support of the investment process of fund managers.

The Managers will not accept or enter into soft dollar commissions or arrangements unless such soft-dollar commissions or arrangements would, in the opinion of the Managers, assist the Managers in their management of the Fund, provided that the Managers shall ensure at all times that best execution is carried out for the transactions and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions or arrangements.

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

- 33.** The Managers and the Trustee are not in any position of conflict in relation to the Fund. The Managers and the Trustee shall conduct all transactions with or for the Fund at arm's length. The Managers are of the view that they are not in a position of conflict in managing their other unit trusts as each of the unit trusts has its own set of investment policies, focus and approach, investment objectives and investment restrictions which are separate and distinct from the other unit trusts. The Managers are obligated by the provisions of each respective deed of trust to observe strictly such separate and distinct investment mandate for each of the unit trusts. In the event the various funds place the same orders for securities as the Fund, the Managers shall endeavour as far as possible to allocate such securities among the funds and the Fund in a fair manner based on a pro-rata basis.

Associates of the Managers and/or the Trustee may be engaged to provide financial, banking or brokerage services to the Fund. Such services, where provided, will be on an arm's length basis. Associates of the Trustee may buy, hold and deal in any investments, enter into contracts or other arrangements with the Trustee and make profits from these activities. Such activities, where entered into, will be on an arm's length basis.

The Sub-Advisor may from time to time act as sub-manager, investment manager or investment adviser to other funds or investment portfolios. It is therefore possible that the Sub-Advisor may, in the course of

their business, have potential conflicts with the Fund. The Sub-Advisor will, however, have regard in such event to their obligations to the Fund and to their other clients when undertaking any investment where potential conflicts of interest may arise. In the event that a conflict of interest does arise, the Sub-Advisor will endeavour to ensure that it is resolved fairly.

The Sub-Advisor also earns a fee (payable by the Managers) for acting as sub-advisor to the Managers and has been appointed to distribute and market the Fund.

## **XVII. REPORTS**

- 34.** The financial year-end of the Fund is 31 December. The annual report, annual accounts and the auditor's report on the annual accounts will be prepared and sent to the Holders (whether by post or such electronic means as may be permitted under the Code) within 3 months of the financial year-end (or such other period as may be permitted by the Authority). The semi-annual report and semi-annual accounts will be prepared and sent to the Holders (whether by post or such electronic means as may be permitted under the Code) within 2 months of the financial half-year end, i.e. 30 June (or such other period as may be permitted by the Authority). In cases where the accounts and reports are available in electronic form, Holders will receive a hardcopy letter or an email (where email addresses have been provided for correspondence purposes) informing them that the accounts and reports are available and how they may be accessed. Holders may also request for hardcopies of the accounts and reports within 1 month (or such other period as may be permitted by the Authority) from the notification of the availability of the accounts and reports. The Trustee will also make available, or cause to be made available, hardcopies of the accounts and reports to any Holder who requests for them within 2 weeks of any request from such Holder (or such other period as may be permitted by the Authority).

## **XVIII. OTHER MATERIAL INFORMATION**

### **35. Information on investments**

At the end of each quarter, Holders will receive a statement showing the value of their investments, including any transactions during the quarter. However, if there is any transaction within a particular month, Holders will receive an additional statement for that month.

### **36. Distributions of income and capital**

The distribution of income, capital gains and/or capital to Holders, if any, will be at the Managers' sole discretion.

### **37. Holders' right to vote**

- (a) A meeting of Holders of all Classes of Units of the Fund duly convened and held in accordance with the provisions of the schedule to the Deed shall be competent by Extraordinary Resolution:
- (i) to sanction any modification, alteration or addition to the provisions of the Deed which shall be agreed by the Trustee and the Managers as provided in the Deed;
  - (ii) to sanction a supplemental deed increasing the maximum permitted percentage of the management participation or the Trustee's remuneration as provided in Clause 17 of the Deed;
  - (iii) to terminate the Fund as provided in Clause 25(F) of the Deed;
  - (iv) to remove the Auditors as provided in Clause 12(B) of the Deed;
  - (v) to remove the Trustee as provided in Clause 22(C)(ii) of the Deed;
  - (vi) to remove the Managers as provided in Clause 23(A)(iii) of the Deed;
  - (vii) to direct the Trustee to take any action (including the termination of the Fund) pursuant to Section 295 of the SFA; and
  - (viii) to approve and sanction any matter tabled to them by the Managers and/or the Trustee at any extraordinary general meeting of the Fund,

but shall not have any further or other powers.

- (b) A meeting of the Holders of a Class duly convened and held in accordance with the provisions of the schedule to the Deed shall be competent by Extraordinary Resolution:
- (i) to sanction any modification, alteration or addition to the provisions of the Deed which shall be agreed by the Trustee and the Managers as provided in the Deed to the extent that such modification, alteration or addition affects the Holders of the relevant Class of the Fund;
  - (ii) to terminate the relevant Class of the Fund as provided in Clause 25(F) of the Deed;
  - (iii) to sanction a scheme of reconstruction, whether by way of amalgamation, merger or dissolution of the relevant Class of the Fund;
  - (iv) to direct the Trustee to take any action in relation to the relevant Class (including the termination of the relevant Class) pursuant to Section 295 of the SFA; and
  - (v) to approve and sanction any matter tabled to them by the Managers and/or the Trustee at any meeting of the Holders of a Class,

but shall not have any further or other powers.

“**Extraordinary Resolution**” is defined in the Deed to mean a resolution proposed and passed as such by a majority consisting of 75% or more of the total number of votes cast for and against such resolution.

### **38. Termination of the Fund or a Class**

#### 38.1 Duration

The Fund and each Class is of indeterminate duration and may be terminated as provided in this paragraph 38.

#### 38.2 Termination by Notice

Subject to sub-paragraph 38.6 below, either the Trustee or the Managers may in their absolute discretion terminate the Fund or any Class by not less than 3 months' notice in writing to the other. Either the Trustee or the Managers shall be entitled by notice in writing as aforesaid to make the continuation of the Fund or relevant Class beyond any such date conditional on the revision to its or their satisfaction at least 3 months before the relevant date of its or their remuneration. In the event that the Fund or Class shall be terminated or discontinued the Managers shall give notice thereof to all Holders not less than 3 months in advance. Subject as aforesaid the Fund or Class shall continue until terminated in the manner hereinafter provided.

#### 38.3 Termination by Trustee

Subject to compliance with the SFA, in particular section 295 thereof, and notwithstanding sub-paragraph 38.2 above, the Fund and any Class (as the case may be) may be terminated by the Trustee by notice in writing as hereinafter provided in any of the following events, namely:

- (i) if the Managers shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of their assets or if a judicial manager is appointed in respect of the Managers or if any encumbrancer shall take possession of any of their assets or if they shall cease business;
- (ii) if any law shall be passed, any authorisation revoked or the Authority issues any direction which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Fund or Class (as the case may be);
- (iii) if within the period of 3 months from the date of the Trustee expressing in writing to the Managers the desire to retire, the Managers shall have failed to appoint a new trustee within the terms of the Deed;
- (iv) if within the period of 3 months from the date of the Trustee removing the Managers, the Trustee shall have failed to appoint new managers within the terms of the Deed; or
- (v) if the Authority so directs pursuant to the SFA.

The decision of the Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate the Fund or Class (as the case may be) pursuant to this paragraph or otherwise. The Managers shall accept the decision of the Trustee and relieve the Trustee of any liability to them therefor and hold it harmless from any claims whatsoever on their part for damages or for any other relief.

#### 38.4 Termination by Managers

Notwithstanding sub-paragraph 38.2 above, the Fund or Class (as the case may be) may be terminated by the Managers by notice in writing as hereinafter provided in any of the following events namely:-

- (a) if at any time the Net Asset Value of the Fund shall be less than US\$10 million (or the equivalent in other currencies);
- (b) if at any time the Net Asset Value attributable to such Class shall be less than (i) US\$5 million in the case of the Class A US\$ Units, (ii) S\$5 million in the case of the Class A S\$ (Hedged) Units, (iii) US\$1 million in the case of the Class C US\$ Units or (iv) S\$1 million in the case of the Class C S\$ (Hedged) Units;
- (c) if it becomes illegal in Singapore to continue the Fund or Class or if in the opinion of the Managers with the approval of the Trustee it becomes impracticable or inadvisable to continue the Fund or Class in the interest of the Holders thereof; or
- (d) if the Authority so directs pursuant to the SFA.

#### 38.5 Notice of Termination

Save in the circumstances of termination of the Fund or Class provided in sub-paragraph 38.2 above, the party terminating the Fund or Class (as the case may be) shall give notice thereof to the Holders in the manner provided in the Deed and by such notice fix the date at which such termination is to take effect which date shall not be less than 1 month after the service of such notice. The Managers shall give not less than 7 days' prior written notice of such termination to the Authority (or such other notice period as may be permitted by the Authority).

#### 38.6 Extraordinary Resolution

The Fund or Class may at any time after the date of the Principal Deed be terminated by Extraordinary Resolution of a meeting of Holders duly convened and held in accordance with the provisions contained in the Deed and such termination shall take effect from the date on which the said resolution is passed or such later date (if any) as the said resolution may provide.

### **39. Indemnities and protection accorded to the Managers and/or the Trustee**

Prospective investors should read the Deed for the complete list of indemnities, exemptions and protections accorded to the Managers and/or the Trustee under the Deed.

- 39.1 The Trustee and the Managers shall incur no liability in respect of any action taken or thing suffered by them in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.
- 39.2 The Trustee and the Managers shall incur no liability to the Holders for doing or (as the case may be) failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (whether legally or otherwise) either they or any of them shall be directed or requested to do or perform or to forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out any of the provisions of the Deed neither the Trustee nor the Managers shall be under any liability therefor or thereby.
- 39.3 Neither the Trustee nor the Managers shall be responsible for any authenticity of any signature or of any seal affixed to any transfer or form of application, endorsement or other document (sent by mail, facsimile, electronic means or otherwise) affecting the title to or transmission of Units or be in any way liable for any forged or unauthorised signature on or any seal affixed to such endorsement, transfer or other document or for acting upon or giving effect to any such forged or unauthorised signature or seal. The Trustee and the Managers respectively shall nevertheless be entitled but not bound to require that the signature of any Holder to any document required to be signed by him under or in connection with the Deed shall be verified to its or their reasonable satisfaction.

- 39.4 Any indemnity expressly given to the Trustee or the Managers in the Deed is in addition to and without prejudice to any indemnity allowed by law; Provided Nevertheless That any provision of the Deed shall be void insofar as it would have the effect of exempting the Trustee or the Managers from or indemnifying them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or trust of which they may be guilty in relation to their duties where they fail to show the degrees of diligence and care required of them having regard to the provisions of the Deed.
- 39.5 Nothing contained in the Deed shall be construed so as to prevent the Managers and the Trustee in conjunction or the Managers or the Trustees separately from acting as managers or trustees of trusts separate and distinct from the Fund.
- 39.6 Neither the Trustee nor the Managers shall be responsible for acting upon any resolution purporting to have been passed at any meeting of the Holders in respect whereof minutes shall have been made and signed even though it may be subsequently found that there was some defect in the convening or constitution of the meeting or the passing of the resolution or that for any reason the resolution was not binding upon all the Holders.
- 39.7 Notwithstanding anything contained in the Deed:-
- (i) the Trustee shall not incur any liability in respect of or be responsible for losses incurred through the insolvency of or any act or omission of any depository or clearing system with which Authorised Investments may be deposited or any broker, financial institution or other person with whom Authorised Investments are deposited in order to satisfy any margin requirement;
  - (ii) the Trustee shall not incur any liability in respect of or be responsible for losses incurred through the insolvency of or any act or omission of any nominee, custodian, joint custodian or sub-custodian appointed by the Trustee except where the Trustee has failed to exercise reasonable skill and care in the selection, appointment and monitoring of such appointee (having regard to the market in which the relevant appointee is located) or the Trustee is in wilful default;
  - (iii) the Trustee shall not incur any liability in respect of or be responsible for losses incurred through the insolvency of or any act or omission of any sub-custodian not appointed by it; and
  - (iv) the Managers may from time to time instruct the Trustee to open accounts with any bank or other financial institutions. Notwithstanding any other provisions in the Deed, but subject to all applicable laws relating to and governing the Trustee, the Trustee shall not be responsible for the safekeeping of the deposited property of the Fund or Class deposited with or remaining in any such account(s) and will not be liable for any loss occasioned by reason of the liquidation, bankruptcy or insolvency of such bank or other financial institutions.
- 39.8 The Trustee may act upon any advice or information obtained from the Managers or any bankers, accountants, brokers, lawyers, agents or other persons acting as agents or advisers of the Trustee or the Managers and the Trustee shall not be liable for anything done or omitted or suffered in reliance upon such advice or information provided that it has acted in good faith, without negligence and with due care. The Trustee shall not be responsible for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of any such banker, accountant, broker, lawyer, agent or other person as aforesaid or of the Managers provided that the Trustee has acted in good faith in the appointment thereof, where applicable. Any such advice or information may be obtained or sent by letter, facsimile or electronic mail and the Trustee shall not be liable for acting on any advice or information purported to be conveyed by any such letter, facsimile or electronic mail although the same contains some error or is not authentic.
- 39.9 The Trustee shall not incur any liability for any loss which a Holder may suffer by the reason of any depletion in the value of the deposited property which may result from any securities lending transaction effected pursuant to the Deed and shall be indemnified out of and have recourse to the deposited property of the Fund in respect thereof.
- 39.10 The Managers shall be entitled to exercise all rights of voting conferred by any of the deposited property in what they may consider to be the best interests of the Holders unless there would be a conflict of interest in their doing so, in which case they shall cause such votes to be exercised according to the discretion of the Trustee, but neither the Managers nor the Trustee shall be under any liability or responsibility in respect of the management of the Authorised Investment in question nor in respect of any vote, action or consent given or taken or not given or not taken by the Managers whether in person or by proxy, and neither the Trustee nor the Managers nor the holder of any such proxy or power of attorney shall incur any liability or responsibility by reason of any error of law or mistake of fact or any matter or thing done or omitted or approval voted or given or withheld by the Trustee or

Managers or by the holder of such proxy or power of attorney under the Deed; and the Trustee shall be under no obligation to anyone with respect to any action taken or caused to be taken or omitted by the Managers or by any such proxy or attorney.

- 39.11 The Trustee shall not be under any liability on account of anything done or suffered to be done by the Trustee in good faith in accordance with or in pursuance of any request or advice of the Managers.
- 39.12 Neither the Trustee nor the Managers shall be under any liability except such liability as may be expressly imposed by the Deed nor shall any of them (save as herein otherwise appears) be liable for any act or omission of the other.
- 39.13 No liability for special losses and damages. Neither the Trustee nor the Managers shall be liable for any lost profits, economic loss or indirect, special or consequential losses and damages suffered by the Fund or any Holder.

#### **40. Investment restrictions**

The investment and borrowing guidelines issued by the Authority under Appendix 1 and Annex 1A of the Code, as may be amended, restated, supplemented or replaced from time to time, shall apply to the Fund.

#### **41. Value of Authorised Investments**

- (i) Except where otherwise expressly stated in the Deed and subject always to the requirements of the Code, the Value of the assets comprised or to be comprised in the Fund with reference to any Authorised Investment which is:-
- (a) a deposit placed with a bank or other financial institution in Singapore or a bank bill, shall be determined by reference to the face value of such Authorised Investment and the accrued interest thereon for the relevant period;
  - (b) a unit or share in a unit trust or mutual fund or collective investment scheme which shall be valued at the latest published or available net asset value per unit or share, or if no net asset value per unit or share is published or available, then at their latest available realisation price;
  - (c) a Quoted Investment, shall be calculated, as the case may be, by reference to the official closing price, last known transacted price or last transacted price on the Recognised Stock Exchange on which the Quoted Investment is traded at the time of the calculation for the Quoted Investment in question;
  - (d) an Unquoted Investment (other than any deposit or bank bill or unit or share in an open-ended collective investment scheme referred to in paragraphs (a) and (b) above) shall be the price quoted by such persons, firms or institutions determined by the Managers to be dealing or making a market in that Unquoted Investment, to represent the fair value of such Authorised Investment. However, if such price quotations are not available, the Value shall be determined by reference to the face value of such Unquoted Investment, the prevailing term structure of interest rates and the accrued interest thereon for the relevant period as may be determined by the Managers to represent the fair value of such Authorised Investment; and
  - (e) an Authorised Investment other than as described above, shall be valued by an Approved Valuer at such time as the Managers after consultation with the Trustee shall from time to time determine,

Provided That if the quotations referred to in (a) to (e) above are not available, or if the Value of the Authorised Investment determined in the manner described in paragraphs (a) to (e) above, in the opinion of the Managers is not representative of the Value of such Authorised Investment, then the Value shall be such value as the Managers may with due care and in good faith consider in the circumstances to be fair value and is approved by the Trustee and the Managers shall notify the Holders of such change if required by the Trustee. For the purposes of this proviso, the "fair value" shall be determined by the Managers in consultation with an Approved Stockbroker or an Approved Valuer and with the approval of the Trustee in accordance with the Code.

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

- (ii) Neither the Trustee nor the Managers shall incur any liability by reason of the fact that a price reasonably believed by them to be the last known transacted price may be found not to be such Provided That it has acted in good faith without negligence and with due care.

## 42. Financial Derivative Instruments

### 42.1 Use and types of FDIs

The Fund may make use of the FDIs for the purposes of hedging, efficient portfolio management and optimising returns.

The FDIs which may be used by the Fund include, but are not limited to, options on securities, stock index options, forward currency contracts, currency futures, currency swap agreements, currency options, interest rate futures or options or interest rate swaps, financial or index futures, over-the-counter ("OTC") options, credit default swaps, swaps, futures or options on any kind of financial instrument, provided that any FDI to be used by the Fund shall meet the relevant requirements relating to FDIs set out in the Code.

### 42.2 Exposure to FDIs

The global exposure of the Fund to FDIs or embedded FDIs will not exceed 100% of the net asset value of the Fund at any time.

The global exposure relating to derivative instruments is calculated using the commitment approach by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives. In determining the Fund's exposure to FDIs, the Managers will adopt the calculation methods set out under paragraph 4.10 of Appendix 1 of the Code.

### 42.3 Risk management and compliance procedures

#### Risk Management Framework

#### (i) Portfolio Risk

Derivative instruments are highly volatile instruments and their market values may be subject to wide fluctuations and subject the Fund to potential gains and losses. Where such instruments are used, the Managers will ensure that the risk management and compliance procedures and controls adopted are adequate and that they have the necessary experience to manage the risks relating to the use of these of financial derivative instruments. Depending on the severity, non-compliance or deviation from established controls or limits will be escalated to senior management and monitored for rectification. The Managers may modify the risk management and compliance procedures from time to time, where appropriate and in the interests of the Fund. The Managers have a dedicated team which oversees portfolio risk management.

Additionally, all open positions/exposure in derivatives will be marked to market at a frequency at least equal to the frequency of the net asset value calculation of the Fund.

#### (ii) Compliance Risk

The Managers have a structured Compliance Monitoring Program ("**CMP**") covering, amongst other things, the monitoring of portfolios for compliance with investment guidelines. There is a dedicated team of compliance personnel to implement the CMP. Upon the creation of a new fund or client account, investment guidelines will be reviewed by the compliance team and checks will be programmed into the Managers' automated pre-trade compliance system as far as possible. In addition, guidelines which cannot be electronically monitored will be manually checked for compliance.

The Managers will ensure that the risk management and compliance procedures and controls adopted are adequate. The Managers have the requisite expertise, experience and quantitative tools to manage and contain such investment risks. The Managers will attempt to minimise the risks through careful selection of reputable counterparties and constant monitoring of the Fund's derivative positions.

#### 42.4 Risks associated with the use of FDIs

While the prudent use of FDIs can be beneficial, FDIs also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of FDIs:

(i) Market Risk

This is a general risk that applies to all investments meaning that the value of a particular derivative may change in a way which may be detrimental to the Fund's interests.

(ii) Liquidity Risk

Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

(iii) Counterparty Risk

The Fund may enter into transactions in OTC markets, which will expose the Fund to the credit of its counterparty and its ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Fund seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated.

(iv) Other Risks

Other risks in using FDIs include the risk of differing valuations of FDIs arising out of different permitted valuation methods and the inability of FDIs to correlate perfectly with underlying securities, rates and indices. Many FDIs, in particular OTC derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which often are acting as counterparties to the transaction to be valued. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to the Fund. However, this risk is limited as the valuation method used to value OTC derivatives must be verifiable by an independent auditor.

Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, following the Fund's investment objective.

## **XIX. QUERIES AND COMPLAINTS**

- 43.** If you have questions concerning your investment in the Fund, you may call the Managers at telephone number (65) 6417 6900.

**LIONGLOBAL EMERGING MARKETS BOND FUND**  
**AMENDED PROSPECTUS**  
**BOARD OF DIRECTORS OF LION GLOBAL INVESTORS LIMITED**

Signed

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David Philbrick Conner  
Chairman  
(signed by Gerard Lee How Cheng  
for and on behalf of David Philbrick Conner)

Signed

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Christopher Brian Wei  
Deputy Chairman  
(signed by Gerard Lee How Cheng  
for and on behalf of Christopher Brian Wei)

Signed

---

Gerard Lee How Cheng  
CEO

Signed

---

Soon Tit Koon  
Director  
(signed by Gerard Lee How Cheng  
for and on behalf of Soon Tit Koon)

Signed

---

Cheong Jin Keat  
Director  
(signed by Gerard Lee How Cheng  
for and on behalf of Cheong Jin Keat)

Signed

---

Yoon Mun Thim  
Director  
(signed by Gerard Lee How Cheng  
for and on behalf of Yoon Mun Thim)

Signed

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Ching Wei Hong  
Director  
(signed by Gerard Lee How Cheng  
for and on behalf of Ching Wei Hong)

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus<sup>1</sup>.
- It is important to read the Prospectus before deciding whether to purchase units in the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or if you are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

### LIONGLOBAL EMERGING MARKETS BOND FUND (the “Fund”)

<b>Product Type</b>	Unit Trust	<b>Launch Date</b>	11 October 2010
<b>Manager</b>	Lion Global Investors Limited	<b>Custodian</b>	HSBC Institutional Trust Services (Singapore) Limited
<b>Trustee</b>	HSBC Institutional Trust Services (Singapore) Limited	<b>Dealing Frequency</b>	Every Business Day
<b>Capital Guaranteed</b>	No	<b>Expense Ratio for FY 31 Dec 2010</b>	NA
<b>Name of Guarantor</b>	NA		

#### PRODUCT SUITABILITY

##### WHO IS THE PRODUCT SUITABLE FOR?

The Fund is only suitable for investors who:

- seek capital growth over the medium to long-term period;
- are comfortable with investing in global emerging market debt securities.

Further Information  
Refer to Section VI on page 4 of the Prospectus for further information on product suitability.

#### KEY PRODUCT FEATURES

##### WHAT ARE YOU INVESTING IN?

You are investing in a unit trust constituted in Singapore that aims to provide you with total return of capital growth and income over the medium to long-term by investing primarily in global Emerging Markets debt securities.

“Emerging Markets” include, but are not limited to, developing countries in Asia, Latin America, Europe, Africa and the Middle East.

Refer to Section VI on page 4 of the Prospectus for further information on features of the product.

#### Investment Strategy

The Fund will invest in fixed and floating rate debt securities, convertible bonds, REITs, business trusts and other debt-related securities issued by corporates, governments, quasi-government, government agencies and supnationals. These may or may not be listed and may be non-investment grade or unrated, and can be denominated in local currencies or US\$.

The Fund may also invest in currency deposits and short-term money market instruments, and other fixed or floating rate instruments or interest rate futures and options.

Refer to Section VI on page 4 of the Prospectus for further information on features of the product.

<sup>1</sup> The prospectus is available for collection at Lion Global Investors Limited, One George Street #08-01, Singapore 049145 (Address with effect from or around 1 August 2011: 65 Chulia Street, #18-01 OCBC Centre, Singapore 049513) from Monday to Friday (9am to 6pm) or website: [www.lionglobalinvestors.com](http://www.lionglobalinvestors.com)

Parties Involved	
<p><b>WHO ARE YOU INVESTING WITH?</b></p> <ul style="list-style-type: none"> <li>• <b><u>The Managers</u></b> Lion Global Investors Limited</li> <li>• <b><u>The Trustee</u></b> HSBC Institutional Trust Services (Singapore) Limited</li> <li>• <b><u>The Registrar</u></b> HSBC Institutional Trust Services (Singapore) Limited</li> <li>• <b><u>The Auditors</u></b> PricewaterhouseCoopers LLP</li> <li>• <b><u>The Sub-Advisor</u></b> Bank of Singapore Limited</li> </ul>	<p>Refer to Section II, III &amp; IV on pages 1 to 3 of the Prospectus for further information on the role and responsibilities of these entities and what happens if they become insolvent.</p>
KEY RISKS	
<p><b>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</b></p> <p>Investors should consider and satisfy themselves as to the risks of investing in the Fund. Generally, some of the risk factors that should be considered are market, derivatives, issuer, liquidity, economic, political, repatriation, regulatory, currency and emerging market risks and risks associated with investments in debt securities including interest rate and default risks.</p> <p>An investment in the Fund is meant to produce returns over the long-term. Investors should not expect to obtain short-term gains from such investment.</p> <p><b>Investors should note that the value of Units, and the income accruing to the Units, may fall or rise and that investors may not get back their original investment.</b></p>	<p>Refer to Section VIII on pages 5 to 7 of the Prospectus for further information on risks of the product.</p>
Market and Credit Risks	
<ul style="list-style-type: none"> <li>• <b><u>You are exposed to Market Risks</u></b> <ul style="list-style-type: none"> <li>• Prices of securities may go up or down in response to changes in economic conditions, interest rates, and the market's perception of securities. These may cause the price of Units to go up or down as the price of Units is based on the current market value of the investments of the Fund.</li> </ul> </li> <li>• <b><u>You are exposed to Currency Risks</u></b> <ul style="list-style-type: none"> <li>• As the investments of the Fund may be denominated in foreign currencies other than US\$ (in the case of US\$ Class Units) or the S\$ (in the case of S\$ Class Units (Hedged)), fluctuations of the exchange rates of foreign currencies against the relevant currency denomination of the Units may affect the value of the Units.</li> </ul> </li> <li>• <b><u>You are exposed to Default Risks</u></b> <ul style="list-style-type: none"> <li>• Investments in debt securities are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, or an unanticipated rise in interest rates, which may impair the ability of the issuer to make payments of interest and principal.</li> </ul> </li> <li>• <b><u>You are exposed to Interest Rate Risks</u></b> <ul style="list-style-type: none"> <li>• Investments in debt securities are also subject to the risk of interest rate fluctuations, and the prices of debt securities may go up or down in response to such fluctuations in interest rates.</li> </ul> </li> </ul>	
Liquidity Risks	
<ul style="list-style-type: none"> <li>• The Fund is not listed and you can redeem only on Dealing Days.</li> </ul>	

## Product Specific Risks

- **You are exposed to Derivatives Risks**
  - The Fund may invest in financial derivative instruments for the purposes of hedging, efficient portfolio management and meeting its investment objective. While the judicious use of derivatives by professional investment managers can be beneficial, derivatives involve risks different from, and, in some cases, greater than, the risks presented by more traditional securities investments.
- **You are exposed to Distressed Securities Risk**
  - The Fund may invest in distressed securities which are securities and obligations of entities that are experiencing significant financial or business difficulties. Distressed securities may result in significant returns, but also involve a substantial degree of risk. The Fund may lose a substantial portion or all of its investment in a distressed security or may be required to accept cash or securities with a value less than the Fund's investment. In addition, it frequently may be difficult for the Fund to obtain information as to the true condition of such issuers. The market price of such securities is subject to abrupt and erratic market movements and above average price volatility.
- **You are exposed to Risk of Mis-Management by Debt Issuers**
  - The Fund may invest in debt securities issued by companies in emerging markets. Unlike developed markets, such emerging market companies are generally less transparent, have poorer corporate governance standards and are less well regulated. There are risks that management of such companies may not act at all times in the companies' best interest or may be subject to fraud, corruption or mis-management, which could have an adverse impact on the companies' credit standing or negatively affect such companies' ability to repay the principal and/or interest on debt securities which may have been invested into by the Fund.
- **You are exposed to Global Emerging Markets Risks**
  - The Fund may invest in Asian and/or emerging markets which often involve a greater degree of risk due to the nature of such markets which do not have fully developed services such as custodian and settlement services often taken for granted in more developed markets. There may be a greater degree of volatility in such markets because of the speculative element, significant retail participation and the lack of liquidity which are inherent characteristics of these Asian and/or emerging markets.

## FEES AND CHARGES

### WHAT ARE THE FEES AND CHARGES FOR THIS INVESTMENT?

- **Payable directly by investors**

You will need to pay the following fees and charges as a percentage of your gross investment amount:

Preliminary Charge	Currently 3%. Maximum 5%.
Realisation Charge	Currently Nil. Maximum 5%.
Switching Fee	Currently 1%. Maximum 5%.

- **Payable by the Fund from invested proceeds**

The Fund will pay the following fees and charges to the Managers, Trustee and other parties:

Annual Management Fee	Class A: Currently 1.5% p.a. Maximum 2% p.a. Class C: Up to a maximum of 2% p.a.
Annual Trustee Fee	Currently not more than 0.1% p.a.; maximum 0.25% p.a.; subject always to a minimum of US\$10,000.00 p.a. (or such lower amount agreed to by the Trustee). The Trustee has presently agreed to charge a minimum of US\$7,000.00 p.a.

The fees of the Sub-Advisor are paid by the Managers out of their management fee and are not paid out of the assets of the Fund.

Refer to Section VII on pages 4 & 5 of the Prospectus for further information on fees and charges.

## VALUATIONS AND EXITING FROM THIS INVESTMENT

### HOW OFTEN ARE VALUATIONS AVAILABLE?

The Fund will be valued on each Dealing Day. The indicative prices of Units are quoted on a forward pricing basis and will likely be available two Business Days in Singapore after each relevant Dealing Day.

The prices are published on the Managers' website at [www.lionglobalinvestors.com](http://www.lionglobalinvestors.com). The prices may also be published in The Straits Times, The Business Times, Lianhe Zaobao and selected major wire services.

Refer to Section XII on page 11 of the Prospectus for further information on valuation of the product.

### HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?

You may realise your holdings in the Fund on any Dealing Day by submitting a realisation form to the Managers or the relevant agent or distributor appointed by the Managers.

As Units are realised on a forward pricing basis, the realisation price of Units is not ascertainable at the time of realisation. If your realisation form is received and accepted by the Managers by the dealing deadline of 3 p.m. Singapore time on a Dealing Day, your Units shall be realised at that Dealing Day's realisation price. Realisation forms received after the dealing deadline or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day.

You will receive your realisation proceeds within 4 business days from the receipt and acceptance of the realisation form by the Managers.

Refer to Section X on pages 10 & 11 the Prospectus for further information on exiting from the product.

#### Illustration of realisation proceeds paid

<b>1,000</b>	<b>x</b>	<b>\$1.050*</b>	<b>=</b>	<b>\$1.050.00*</b>
Units Realised		Notional Realisation Price (= net asset value per Unit)		Gross Realisation Proceeds
<b>\$1,050.00*</b>	<b>-</b>	<b>NIL</b>	<b>-</b>	<b>\$1.050.00*</b>
Gross Realisation Proceeds		Realisation Charge		Net Realisation Proceeds

*\*In SGD or USD, as the case may be.*

*Investors should note that the notional realisation price is for illustration only and is not indicative of any future or likely performance of the Fund.*

#### Cooling Off Period

First-time investors in the Fund may cancel their subscription of Units within 7 calendar days from the date of subscription by submitting a Notice to Cancel Form to the Managers, subject to cancellation terms and conditions. You will be refunded the lower of the market value of the Units held on the day of receipt and acceptance of such form or the original amount paid by you. Where the market value of the Units held is greater than the original amount paid by you, the Managers are not obliged to pay the excess amount to you and the excess amount shall be retained in the Fund.

## CONTACT INFORMATION

### HOW DO YOU CONTACT US?

If you have questions concerning your investment in the Fund, you may call the Managers at telephone number (65) 6417 6900.

Website: [www.lionglobalinvestors.com](http://www.lionglobalinvestors.com)

Email: [contactus@lionglobalinvestors.com](mailto:contactus@lionglobalinvestors.com)

## APPENDIX: GLOSSARY OF TERMS

### **Bond**

A security in which the issuer promises to repay the lender/investor the principal plus interest over a specific period.

### **Net asset value**

The market value of a unit trust fund's total assets, minus liabilities, divided by the number of units outstanding.

### **Dealing Day**

Every business day (other than a Saturday or Sunday or a day on which the relevant recognised stock exchange is closed). Business day means any day (other than a Saturday or Sunday) on which commercial banks are open for business in Singapore.

**Lion Global Investors Limited**  
One George Street #08-01  
Singapore 049145

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