

## **United Emerging Markets Bond Fund (the “ILP Sub-Fund”)**

**This Fund Summary should be read in conjunction with the Product Summary**

### **Structure of ILP Sub-Fund**

The ILP Sub-Fund is a feeder fund investing all or substantially all of its assets in the underlying United Emerging Markets Bond Fund (“the Underlying Fund”).

The units in the ILP Sub-Fund are not classified as Excluded Investment Products.

### **Information on the Manager**

#### The Investment Manager

The Managers are UOB Asset Management Ltd (“UOBAM”).

UOBAM is a wholly-owned subsidiary of United Overseas Bank Limited (“UOB”). Established in 1986, UOBAM has been managing collective investment schemes and discretionary funds in Singapore for over 30 years. UOBAM is licensed and regulated by the Authority. UOBAM has an extensive presence in Asia with regional business and investment offices in Malaysia, Thailand, Brunei, Taiwan and Japan. UOBAM has two joint ventures: Ping An UOB Fund Management Company Ltd and UOB-SM Asset Management Pte. Ltd. In addition, it also has a strategic alliance with UTI International (Singapore) Private Limited.

Through its network of offices, UOBAM offers global investment management expertise to institutions, corporations and individuals, through customised portfolio management services and unit trusts. As at 28 February 2021, UOBAM manages 59 unit trusts in Singapore. UOBAM is one of the largest unit trust managers in Singapore in terms of assets under management.

UOBAM's investments team conducts independent and rigorous fundamental research within a proven investment process and framework. In equities, UOBAM's team has acquired specialist skills in investment in global markets and major global sectors. It combines a disciplined research effort that aims to identify and invest in high performing businesses at the right price, with a systematic model portfolio construction process, to diversify sources of alpha to achieve more consistent performance over time. In fixed income, UOBAM's coverage spans a wide spectrum comprising G10 government bonds, developed market corporate bonds, Asia sovereigns and corporates, emerging market bonds and Singapore fixed income. In addition to independent research to uncover relative value opportunities, UOBAM adopts diversified investment strategies combined with active risk management to generate sustainable total return for its portfolios.

Since 1996, UOBAM has won a total of 209 awards in Singapore. These awards recognise UOBAM's investment performance across different markets and sectors.

As at 28 February 2021, UOBAM and its subsidiaries in the region have a staff strength of over 400 including about 38 investment professionals in Singapore.

### **Other Parties**

There is no other party who advises the Manager in the management of the Underlying Fund.

### **Investment Objectives, Focus & Approach**

The investment objective of the Underlying Fund is to maximise returns, with high yield and capital appreciation over the longer term, by investing primarily in Emerging Markets debt investments and products. Please refer to Investment Objective, Focus and Approach of the United Emerging Markets Portfolio's Prospectus for more information.

### **Risks**

In addition to the risks stated in the Product Summary, the following are risks specific to the Underlying Fund:

### **General Risks**

You should consider and satisfy yourself as to the risks of investing in the Underlying Fund. Generally, some of the risk factors you should consider are market risks, interest rate risks, derivatives risks, underlying risks, counterparty credit risks, default risks, foreign exchange risks, liquidity risks and exceptional market conditions risks.

An investment in the Underlying Fund is meant to produce returns over the long-term and you should not expect to obtain short-term gains from such investment.

You should be aware that the price of Units and the income accruing from the Units, may fall or rise and that you may not get back your original investment. There is no guarantee that the investment objectives of the Underlying Fund will be achieved.

### **Specific Risks**

Described below are certain risk factors, including risk factors peculiar to investing in Emerging Markets. These require consideration of matters not usually associated with investing in securities of issuers in the developed capital markets of OECD countries. The economic and political conditions in Emerging Markets differ from those in developed markets, and offer less social, political and economic stability. The absence in many cases, until relatively recently, of any move towards capital markets structures or to a free market economy means investing in these countries is more risky than investing in more developed markets. These risks are likely to exist to a greater or lesser degree in most of the markets in which the Underlying Fund may invest.

#### **(a) Market risk**

You should consider and satisfy yourself as to the usual risks of investing and participating in securities. Prices of securities may go up or down in response to changes in economic conditions, interest rates and the market's perception of securities, which in turn may cause the value of Units to rise or fall.

#### **(b) Equity risk**

The Underlying Fund may invest in stocks and other equity securities which are subject to market risks that historically have resulted in greater price volatility than that experienced by bonds and other fixed income securities. This in turn may affect the value or volatility of the relevant Underlying Fund.

#### **(c) Debt securities risk**

Investments in bonds and other debt securities are subject to interest rate fluctuations and credit risks, such as the risk of default by issuers. Interest rate risks may arise from unexpected changes in the term structure of interest rates, which are in turn dependent on general economic conditions. In general, the prices of debt securities are subject to interest rate fluctuations; prices of debt securities generally rise when interest rate falls, and generally fall when interest rate rises. The longer the term of a debt security, the more sensitive it will be to fluctuations in value from interest rate changes. In addition, such investments are subject to the specific ability of the issuers of such securities to meet their debt obligations and are hence dependent on the financial health of the issuers, which may change adversely over time due to their specific business conditions and general market conditions. Investments in debt securities are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, or an unanticipated rise in interest rates, which may impair the ability of the issuer to make payments of interest and principal especially if the issuer is highly leveraged. Such issuer's ability to meet its debt obligations may also be adversely affected by specific corporate developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. An economic downturn or an increase in interest rates may increase the potential for default by the issuers of these securities. Also, a change in the credit rating of a debt security as a result of any of the above factors can affect that security's liquidity and therefore have an impact on the value of Units in the relevant Underlying Fund. Therefore, investments by the Underlying Fund in debt securities may lead to greater volatility in the value of Units of the Underlying Fund. We may seek to invest in USD denominated or other freely convertible currency denominated debt instruments so that the relevant Underlying Fund is exposed to the relevant Emerging Markets. Debt obligations acquired by the Underlying Fund may have no credit rating or a low rating. Such securities and assets may involve greater risks of loss of income and principal than rated or higher-rated securities assets and are speculative in nature. Although they may offer higher yields than do higher-rated securities, they generally involve greater price volatility and risk of default in payment of principal and income.

No assurance can be given that investments acquired by the Underlying Fund will continue to earn yields comparable to those earned historically, nor can any assurance be given that issuers whose obligations the relevant Underlying Fund acquires will make payments on such obligations as they become due.

#### **(d) Emerging Markets risk**

Investments in Emerging Markets may involve a high degree of risk and may be considered speculative. Such risks include (i) greater risk of expropriation, confiscatory taxation, nationalisation, and social, political and economic instability; (ii) the current small size of the markets for securities of Emerging Market issuers and the currently low or non-existent volume of trading, resulting in lack of

liquidity and in price volatility, (iii) certain national policies which may restrict the Underlying Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; and (iv) the absence of developed legal structures governing private or foreign investment and private property.

**(e) Political and economic risks**

The value of Units and the income generated by the Underlying Fund may be affected by uncertainties such as political or diplomatic developments, social and religious instability, changes in government policies, taxation and interest rates, currency repatriation and other political and economic developments in law or regulations and, in particular, the risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership, and other restrictions and controls which may be imposed by the relevant authorities in the relevant countries.

**(f) Repatriation of capital, dividends, interest and other income risks**

It may not be possible for the Underlying Fund to repatriate capital, dividends, interest and other income from certain countries, or it may require government consent to do so. The relevant Underlying Fund could be adversely affected by the introduction of the requirement for any such consent, or delays in or the failure to grant any such consent, for the repatriation of funds or by any official intervention affecting the process of settlement of transactions which may in turn affect the repatriation of funds. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

**(g) Regulatory risk**

The issuers or instruments in which the Underlying Fund invests may be or become subject to unduly burdensome and restrictive regulation affecting commercial freedom and this in turn may have an adverse impact on the value of the relevant Underlying Fund and therefore the value of the Units. Over-regulation may therefore be a form of indirect nationalisation.

**(h) Nature of investments and market risks**

The investments to be made by the Underlying Fund carry risks not usually associated with investing in securities in more developed markets. The Underlying Fund is likely to experience greater price volatility and significantly lower liquidity than if invested in more developed markets. With nascent capital markets in many of the countries in which the Underlying Fund may invest, there are often severe difficulties in meeting investor demand for the available debt and/or equity instruments. This can lead to primary issues and auctions of such instruments being greatly over-subscribed.

**(i) Lack of market economy**

Businesses in the countries in which the Underlying Fund may invest may have little or no history of operating within a market-oriented economy or under the pressures imposed by operating within a developed country. In general, relative to companies operating in developed economies, companies in such countries may be characterised by a lack of (i) experienced management, (ii) modern technology and (iii) a sufficient capital base with which to develop and expand their operations. It is unclear what will be the effect on such companies, if any, of attempts by such countries to move towards more market-oriented economies.

**(j) Derivatives risk**

The Underlying Fund may enter into transactions involving FDIs, which are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Such assets, rates and indices may include bonds, stocks, currencies, interest rates, exchange rates, bond indices and stock indices. While the prudent and judicious use of FDIs by professional investment managers can be beneficial, FDIs involve risks different from, and, in some cases, greater than, the risks presented by more traditional securities investments. Some of the risks associated with FDIs are market risk, management risk, credit risk, liquidity risk and leverage risk. An investment in a FDI may require the deposit of an initial margin and additional deposit of margin on short notice if the market moves against the investment position. If the required margin is not provided in time, the investment may be liquidated at a loss. Therefore, it is essential that investments in FDIs are monitored closely. We have controls for investments in FDIs and have in place systems to monitor the FDI positions of the Underlying Fund. See section 5.7 in the Underlying Fund prospectus for more information on our risk management procedures on the use of FDIs.

**(k) Synthetic product risk**

The Underlying Fund may use synthetic products to overcome issues and mitigate certain risks associated with direct investment in the underlying obligations. The synthetic products in which the Underlying Fund may invest are subject to counterparty and regulatory risks. The counterparty risk arises in relation to each party (the counterparty) with whom the relevant Underlying Fund contracts for the purpose of making investments and, where relevant, the entity in the relevant Emerging Market with whom the counterparty has made arrangements to ensure an on-shore presence in the Emerging Market. The relevant Underlying Fund may not be entitled to assert any rights against the entity in the Emerging Market with whom it does not have a contractual relationship. The relevant Underlying Fund may not be able to procure that the counterparty asserts its own rights, if any, against the on-shore entity in the Emerging Market with

whom it has made arrangements. If a counterparty becomes insolvent, the relevant Underlying Fund will only rank as unsecured creditors. If the said entity in the Emerging Market becomes insolvent, it is likely that the relevant Underlying Fund will lose its entire investment.

The effectiveness and legality of the synthetic product structure, and in particular the ability of the relevant Underlying Fund's counterparties to invest efficiently in the Emerging Market from off-shore, is subject to intervention by the relevant local authorities, their re-interpretation of law and current commercial and tax efficient practice and legislation, as well as to changes in relevant laws and regulations. As a result, the relevant Underlying Fund may not get back all or any part of its investment in the synthetic products or may find that the proceeds of its investments cannot be repatriated. It may not be possible for the relevant Underlying Fund to negotiate favourable terms for its investment in synthetic products. In some cases, the relevant Underlying Fund may be obliged to indemnify its counterparty against all losses resulting from the relevant Underlying Fund's breach of obligations or against all costs and expenses incurred by the counterparty in relation to its arrangements with the relevant on-shore entities. If the underlying investment remains unpaid or is rescheduled (including being the subject of a moratorium, debt substitution, exchange or similar event) the relevant Underlying Fund could lose part or the whole of its investment. Similarly, if the underlying investment or the synthetic product structure is re-characterised, the relevant Underlying Fund may be forced to terminate its investment in synthetic products earlier than had been anticipated and may lose part or all of its investment.

Similarly, if the underlying investment or the synthetic product structure is re-characterised, the relevant Underlying Fund may be forced to terminate its investment in synthetic products earlier than had been anticipated and may lose part or all of its investment.

(l) Illiquidity of investments

Many of the investments which the Underlying Fund may make are traded only on over-the-counter markets and there may not be an organised public market for such securities. This increases the difficulty of valuing the relevant Underlying Fund's investments and until a market develops, some investments may generally be illiquid. There may be no established secondary market for some investments made by the relevant Underlying Fund. Reduced secondary market liquidity may adversely affect the market price of the relevant Underlying Fund's investments and its ability to dispose of particular investments to meet its liquidity requirements or in response to specific events such as an issuer's deterioration in creditworthiness. Due to the lack of adequate secondary market liquidity for certain securities, we may find it more difficult to obtain accurate market quotations for the purposes of valuing the relevant Underlying Fund and calculating the NAV. Market quotations may only be available from a limited number of sources and may not represent firm bids for actual sales. In addition, the current or future regulatory regime may adversely affect liquidity

(m) Broker risk

We may engage the services of third party securities brokers and dealers to acquire or dispose the investments of the Underlying Fund and to clear and settle their exchange traded securities trades. In selecting brokers and dealers and in negotiating any commission involved in our transactions with them, we consider, amongst other things, the range and quality of the professional services provided by such brokers and dealers and their credit standing and licensing or regulated status. It is possible that the brokers or dealers engaged for the Underlying Fund may encounter financial difficulties that may impair the Underlying Fund's operational capabilities. If a broker or dealer fails or becomes insolvent, there is a risk that the Underlying Fund's orders may not be transmitted or executed and its outstanding trades made through the broker or dealer may not settle.

(n) Settlement risk

Because of the absence of organised securities markets as well as the underdeveloped state of the legal, banking and telecommunications systems in the countries in which the Underlying Fund may invest, issues may arise in relation to settlement, clearing and registration of transactions in securities. Furthermore, due to limitations of the local postal and banking systems of the countries in which the Underlying Fund may invest, no guarantee can be given that all entitlements attaching to securities and assets acquired by a Underlying Fund, including interest and dividends, can be realised. Neither the Trustee nor us or any of their/our authorised agents or distributors make any representation or warranty about, or any guarantee of, the operation, performance or settlement, clearing and registration of transactions dealing in any investments which the Underlying Fund may make.

(o) Custody risk

Custody services in many Emerging Markets remain undeveloped and, although the Trustee and us will endeavour to put into place control mechanisms, including the selection of agents to register investments on behalf of the Underlying Funds and regular audits of entries on relevant registers to ensure that the Underlying Funds' interests continue to be recorded, the Underlying Funds are subject to transaction and custody risks arising from dealing in Emerging Market investments. It must be appreciated that the Underlying Funds may be investing in countries where the current law and market practice carries fewer safeguards than in more developed markets and that we can accept no liability for losses resulting from acting in accordance with such practice.

(p) Counterparty risk

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

(q) Possible business failures

The insolvency or other business failure of any of the relevant Underlying Fund's investments could have an adverse effect on the Underlying Fund's performance and ability to achieve its objectives. Many of the target investment countries have enacted or are in the process of enacting laws on the insolvency of enterprises, but there is as yet no significant level of experience in how these laws will be implemented and applied in practice. The lack of generally available financing alternatives for companies in many of the target investment countries increases the risk of business failure.

(r) Accounting practice

Accounting standards in the countries in which the Underlying Funds may invest may not correspond to International Accounting Standards in all material respects. In addition, auditing requirements and standards differ from those generally accepted in the international capital markets and consequently information which would be available to investors in developed capital markets is not always obtainable in respect of companies in such countries. (s) Quality of information Investors in those countries in which the Underlying Funds may invest generally have access to less reliable or less detailed information, including both general economic data and information concerning the operations, financial results, capitalisation and financial obligations, earnings and securities of specific enterprises. The quality and reliability of information available to the Underlying Funds will, therefore, be less than in respect of investments in developed countries. Obligations on companies to publish information are also more limited, thus further restricting our ability to carry out due diligence. At present we are obliged to make investment decisions and investment valuations on the basis of financial information that are less complete and reliable than that customarily available in developed countries. Also, the quality and reliability of official data published by the government and government agencies in countries in which the Underlying Funds may invest are generally not equivalent to that of more developed countries.

(t) Legal risk

The rate of legislative change in certain of the countries in which the Underlying Funds may invest is extremely rapid and the content of proposed legislation when eventually adopted into law is difficult or impossible to predict. Such proposed legislation may have an adverse effect on foreign investment. It is similarly difficult to anticipate the impact of legislative reforms on securities in which the Underlying Funds may invest. Although there is often significant political support in Emerging Markets for legislative change to bolster and facilitate the movement to a more developed market economy, it is not certain that legislation when enacted will advance this objective either consistently or in a coherent manner. In some cases, the magnitude of the changes taking place has resulted in a lack of confidence in the courts to give clear and consistent judgments. Legislation can be published by a variety of governmental bodies and remaining up to date and in complete compliance with legal rules and standards can often be difficult. There may also be a lack of precedents in relation to the legal status and the enforceability of investments which are denominated in local currencies or governed by local laws.

(u) Taxation

Tax law and practice in countries in which the Underlying Funds may invest may not be clearly established as that of developed nations. It is possible that the current interpretation of the law or understanding of practice may change or the law may be changed with retrospective effect. Accordingly, it is possible that a Underlying Fund could become subject to taxation in the countries in which it invests that is not anticipated either at the date of registration of this Prospectus or when its investments were made, valued or disposed of. In addition, in certain countries in which the Underlying Funds may invest, the domestic tax burden is high and the discretion of local authorities to create new forms of taxation has resulted in a proliferation of taxes, in some cases imposed or interpreted retrospectively.

(v) Foreign exchange and currency risks

## **Fees and Charges**

In addition to the fees and charges shown in the Product Summary, the following fees are also payable through deduction from the asset value of the Underlying Fund. The Annual Management Charge ("AMC") is:

| Underlying Fund                         | Annual Management Charge |
|---|--------------------------|
| United Emerging Markets Bond Fund (S\$) | 1.75%                    |

**Past Performance<sup>1</sup>:** as at 30 June 2021

**NOTE: PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.**

| Fund / Benchmark                           | 3 Months | 6 Months | 1 Year | 3 Years* | 5 Years* | 10 Years* | Since Inception* (20 Aug 2001) |
|--|----------|----------|--------|----------|----------|-----------|--------------------------------|
| United Emerging Markets Bond Fund          | 3.16%    | 1.00%    | 3.05%  | 4.69%    | 2.73%    | 3.58%     | 6.95%                          |
| Benchmark: JP Morgan EMBI Global Div Index | 4.10%    | 1.03%    | 3.61%  | 6.20%    | 4.83%    | 6.62%     | 6.75%                          |

\* Annualised performance

<sup>1</sup> Performance shown in fund currency and calculated before sales charges are deducted. Fees and charges payable through deduction of premium or cancellation of units are excluded in deriving the performance. Performance is calculated on the assumption that all dividends and distributions are reinvested, taking into account all charges which would have been payable upon such reinvestment.

#### Expense Ratio and Turnover Ratio of the Underlying Fund

| Underlying Fund                         | Expense Ratio | Turnover Ratio |
|---|---------------|----------------|
| United Emerging Markets Bond Fund (S\$) | 1.96%         | 154.37%        |

The expense and turnover ratios stated in the table above are for the half year ended 30 June 2021.

The expense ratio is calculated in accordance with the Investment Management Association of Singapore guidelines on the disclosure of expense ratios. It does not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, foreign exchange gains /losses, front or back-end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. It is calculated by dividing expenses by daily average NAV, and multiplied by the appropriate factor to annualise the figure and is disclosed as a percentage.

The turnover ratio is calculated based on the lower of purchases and sales expressed as a percentage of the daily average net asset value.

#### Soft Dollar Commissions or Arrangements

Subject to the provisions of the Code, we may from time to time receive or enter into soft dollar commissions/ arrangements in our management of the relevant Underlying Fund. We will comply with applicable regulatory and industry standards on soft dollars. The soft dollar commissions/arrangements may include specific advice as to the advisability of dealing in, or the value of, any investments, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis, and custodial service in relation to the investments managed for clients.

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

We will not accept or enter into soft dollar commissions/arrangements in respect of any Underlying Fund unless (a) such soft dollar commissions/arrangements can reasonably be expected to assist us in the management of the relevant Underlying Fund, (b) best execution is carried out for the transactions, and (c) no unnecessary trades are entered into in order to qualify for such soft dollar commissions/arrangements.

We do not, and are not entitled to, retain cash or commission rebates for our own account in respect of rebates earned when transacting in securities for account of any Underlying Fund.

### **Conflicts of Interest**

The Managers are of the view that there is no conflict of interest in managing their other funds and the Underlying Fund because of the following structures in place:

- (a) All investment ideas are shared equally among the fund managers of the Managers.
- (b) The Managers subscribe to the Code of Ethics and the Standards of Professional Conduct as prescribed by the Chartered Financial Analyst Institute (“CFA Institute”) in the USA. CFA Institute is the primary professional organisation for security analysts, investment managers and others who are involved in the investment decision-making process. All Certified Financial Analyst charter holders of CFA Institute and candidates, who are in pursuit of the charter, including those from Singapore, are expected to comply with CFA Institute standards. The Code of Ethics and the Standards of Professional Conduct are in place to ensure high ethical and professional standards of the investment professionals as well as fair treatment of the investing public.
- (c) In addition, despite the possible overlap in the scope of investments, none of the funds managed by the Managers are identical to one another and investment decisions are made according to the individual risk return characteristic of the relevant Underlying Fund.
- (d) Investment decisions for each fund are made impartially. There are no preferred customers or funds and all accounts are treated equally.
- (e) Most importantly, the Managers’ usual fair and unbiased practice is to allocate investment between various funds which place the same orders simultaneously on a *pro rata* basis. However, should any potential conflicts of interest arise from a situation of competing orders for the same securities, the Managers adopt an average pricing policy whereby orders that are partially fulfilled on a particular day shall be allotted proportionately among the funds based on their respective initial order size and such quantity allotted shall be at the average price of such investments on that particular day.

### **Reports**

The financial year-end of the ILP Sub-Fund is 30 June. Singapore Life Ltd. will make available semi-annual report and annual audited report of the ILP Sub-Fund within 2 months and 3 months respectively from the relevant reporting periods.

In addition, Singapore Life Ltd. will make available financial reports of the Underlying Fund as they become available from the Investment Manager. Policyholders can access these reports via the website at [www.singlife.com](http://www.singlife.com).

### **Specialised ILP Sub-Fund**

The ILP sub-fund is not a specialised sub-fund as set out in MAS Notice 307 on Investment-Linked Policies issued by the Monetary Authority of Singapore.