PRULink Fund Information Booklet

October 2023

PRULink US Dividend Wealth Fund (Distribution)

IMPORTANT INFORMATION

Capitalised terms used below, unless otherwise defined, shall have the same meanings ascribed to them under Glossary of Terms of this Fund Information Booklet.

This Fund Information Booklet is for information only and is not a contract of assurance. Investors should refer to the Policy Document for specific policy details applicable to their PRULink investment-linked policies. **Investors should note that this Fund Information Booklet must be read together with the accompanying Product Summary and Product Highlights Sheet as one document.**

This Fund Information Booklet is published for informational purposes only, without regard to the specific investment objectives, financial situation and particular needs of any specific person and should not be construed as an advice or recommendation to invest in the Fund. Investors may wish to seek advice from their Prudential Financial Consultants before making a commitment to purchase the product. In the event an investor chooses not to seek advice from a Prudential Financial Consultant, he/she should consider whether the product in question is suitable for him/her. Investors are advised to read the Fund Information Booklet, the accompanying Product Summary and the Product Highlights Sheet, before deciding whether to subscribe for units in this Fund.

Investors should seek professional advice to ascertain (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange transactions or exchange control requirements which they may encounter under the laws of the countries of their citizenship, residence or domicile and which may be relevant to the subscription, holding or disposal of units in the Fund and/or Underlying Fund. Each investor will assume and be solely responsible for any and all tax of any jurisdiction or governmental or regulatory authority, including without limitation any state or local taxes or other like assessment or charges that may be applicable to any payment to him/her in respect of the Fund and/or Underlying Fund. Neither the Fund nor Underlying Fund will pay any additional amounts to investors to reimburse them for any tax, assessment or charge required to be withheld or deducted from any payments made to them.

The Fund and/or Underlying Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended. The units of the Fund and/or Underlying Fund have not been and will not be registered under the United States Securities Act of 1933 as amended (the "**Securities Act**") or under the securities laws of any state of the United States of America and such shares may be offered, sold or otherwise transferred only in compliance with the 1933 Act and such state or other securities laws. The units of the Fund and/or Underlying Fund may not be offered or sold within the United States or to or for the account of any US Person as defined in Rule 902 of Regulation S under the Securities Act. Rule 902 of Regulation S under the Securities Act defines US Person to include inter alia any natural person resident of the United States and with regards to Investors other than individuals, (i) a corporation or partnership organised or incorporated under the laws of the US or any state thereof; (ii) a trust: (a) of which any trustee is a US Person except if such trustee is a professional fiduciary and a co-trustee who is not a US Person has sole or shared investment discretion with regard to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person or (b) where court is able to exercise primary jurisdiction over the trust and one or more US fiduciaries have the authority to control all substantial decisions of the trust and (iii) an estate (a) which is subject to US tax on its worldwide income from all sources; or (b) for which any US Person is executor or administrator except if an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with regard to the assets of the estate and the estate is governed by foreign law.

The term “US Person” also means any entity organised principally for passive investment (such as a commodity pool, investment company or other similar entity) that was formed: (a) for the purpose of facilitating investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the United States Commodity Futures Trading Commission by virtue of its participants being non-US Persons or (b) by US Persons principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, unless it is formed and owned by “accredited investors” (as defined in Rule 501 (a) under the Securities Act of 1933) who are not natural persons, estates or trusts. “United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and any other areas subject to its jurisdiction.

Prudential Singapore is an indirect subsidiary of Prudential plc of the United Kingdom. Prudential Singapore and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

This Fund Information Booklet does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such an offer or solicitation.

Investors should also consider the risks of investing in the Fund which are summarized in Section 4 of this Fund Information Booklet.

This Fund Information Booklet does not represent a contract.

PRULink US Dividend Wealth Fund (Distribution)

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PRULink US Dividend Wealth Fund (Distribution)

1. The PRULink Fund

The following fund is currently being offered:

(a) PRULink US Dividend Wealth Fund (Distribution);

The above fund is to be referred to in this Fund Information Booklet as the "**Fund**".

The Underlying Fund is referred to in this Fund Information Booklet as the "**Underlying Fund**".

Fund	PRULink US Dividend Wealth Fund (Distribution)
Fund Manager	Prudential Assurance Company Singapore (Pte) Limited
Management Company of the Underlying Fund	Allianz Global Investors GmbH
Investment Manager of the Underlying Fund	Voya Investment Management Co. LLC

2. The Product Provider

Prudential Assurance Company Singapore (Pte) Limited ("**Prudential Singapore**") [Company Registration No. 199002477Z], 30 Cecil Street, #30-01, Prudential Tower, Singapore 049712 Tel: 1800-333 0 333 is the product provider in respect of the Funds ("**Product Provider**" includes the correlative meanings "**we**", "**us**" and "**our**").

3. The Manager, the Management Company and the Investment Manager

3.1 The Manager

The Manager of PRULink US Dividend Wealth Fund (Distribution) is Prudential Assurance Company Singapore (Pte) Limited (the "**Manager**") whose registered office is 30 Cecil Street, #30-01, Prudential Tower, Singapore 049712. The Manager is regulated by the Authority.

The Manager is one of the top life insurance companies in Singapore, serving the financial and protection needs of the country's citizens for 90 years. The company has an AA- Financial Strength Rating from leading credit rating agency Standard & Poor's, with S$49.4 billion funds under management as at 31 December 2022.

Source: Prudential Assurance Company Singapore (Pte) Limited as at 31 December 2022.

Past performance of the Manager is not necessarily indicative of its future performance.

3.2 The Management Company

The Underlying Fund is established as a sub-fund of the Allianz Global Investors Fund (the "Umbrella Fund"). The Umbrella Fund is incorporated under the laws of the Grand Duchy of Luxembourg and is constituted outside Singapore.

Allianz Global Investors GmbH (the "Management Company") has been appointed to act as the management company for the Underlying Fund. The Management Company is responsible, subject to the supervision of the Directors, for the provision of investment management services, administrative services and marketing services to the Umbrella Fund.

The Management Company has been managing collective investment schemes and discretionary funds since 1956. The Management Company is authorized and regulated by the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin).

Allianz Global Investors is a diversified active investment manager with total assets under management over EUR 637 billion as of 31 March 2022. Its teams can be found in 24 offices. With around 700 investment professionals and an integrated investment platform, it covers all major business centers and growth markets. Allianz Global Investors' global capabilities are delivered through local teams to ensure best-in-class service.

Source: Allianz Global Investors GmbH as at 1 March 2023

3.3 The Investment Manager

Voya Investment Management Co. LLC, ("Voya IM") is a limited liability company domiciled in USA with its principal place of business at 230 Park Avenue, New York, NY 10169, United States.

Voya IM is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, and is authorised to provide investment management services, regulated by the United States Securities and Exchange Commission.

Voya IM has been managing collective investment schemes and discretionary funds since 1972.

Past performance of the Investment Manager is not necessarily indicative of its future performance.

Source: Allianz Global Investors GmbH as at 1 March 2023.

4. The Auditor

The auditor of the accounts for the Funds is Ernst & Young LLP (the "**Auditor**") whose registered office is at One Raffles Quay North Tower, Level 18 Singapore 048583.

5. Risks

The risks set out in this section are in relation to the Fund, the Underlying Fund and the Underlying Fund's assets. Given that the Fund feeds entirely into the Underlying Fund, it is acknowledged that the risks inherent in the Underlying Fund will also impact the Fund. As such investors should carefully consider the risks set out in this section before investing into the Fund.

5.1 General Market Risk

To the extent that the Underlying Fund invests directly or indirectly in securities or other assets, it is exposed to various general trends and tendencies in the economic and political situation as well as securities markets and investment sentiment, which are partially attributable to irrational factors. Such factors could lead to substantial and longer-lasting drops in securities prices affecting the entire market and the value of the Underlying Fund's investments may be negatively affected.

An investment in an Underlying Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Past performance should not be seen as an indication of how a fund will perform in the future and cannot in any way provide a guarantee of future returns.

Country and Region Risk

If the Underlying Funds focuses its investments on particular countries or regions, this may increase the concentration risk. Consequently, the Underlying Fund is particularly susceptible to the adverse development and risks of individual or interdependent countries and regions, or of companies based and/or operating in those countries or regions. Any adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event or development in such countries, regions or companies may adversely impact the performance of the Underlying Fund and/or the value of units held by investors.

Economic or political instability in certain countries in which the Underlying Fund is invested may lead to a situation in which the Underlying Fund does not receive part or all of the monies owed to it in spite of the solvency of the issuer of the relevant assets. Currency or transfer restrictions or other legal changes may have a significant effect.

Currency Risk

If the Underlying Funds directly or indirectly (via derivatives) holds assets denominated in currencies other than the reference or base currency or if the Underlying Funds are designated in a currency other than the reference or base currency (each a "foreign currency"), it is exposed to a currency risk that if foreign currency positions have not been hedged or if there is any change in the relevant exchange control regulations, the NAV of the Underlying Fund or that the Underlying Fund may be affected unfavorably. Any devaluation of the foreign currency against the reference or base currency would cause the value of the assets denominated in the foreign currency to fall, and as a result may have an adverse impact on the Underlying Fund and/or the investors.

Subject to the specific investment restrictions of the Underlying Fund, the Management Company may use financial derivative instruments to hedge the foreign currency exposure and currency hedging transactions may be entered into in relation to one or more of Underlying Fund. Hedging can be used in particular to reflect the different currency-hedged share classes of the Underlying Fund.

Investors may also experience currency risk if the reference currency in which they subscribe or redeem is different to the base currency of the PRULink Funds due to the selection of different currency share class. Changes in currency exchange rates between the base currency and the reference currency can reduce investment gains or income, or increase investment losses, in some cases significantly.

Issuer Default Risk

The issuer of a security directly or indirectly held by Underlying Fund or the debtor of a claim belonging to Underlying Fund may become insolvent causing its inability to fulfil his payment obligations in a full and timely manner. Risks of losses arising from the issuer's default and causing such issued assets to become economically worthless.

Creditworthiness and Downgrading Risk

The creditworthiness (ability to pay) of the issuer of an asset (in particular, of a security or money-market instrument directly or indirectly held by the Underlying Fund) may fall. This usually leads to a decrease in the price of the asset greater than that caused by general market fluctuations. Further, there is a risk that the credit rating of certain debt securities, or the issuers of debt securities, may be downgraded due to adverse market conditions. The Underlying Fund may or may not be able to dispose of the debt securities that are being downgraded. This may lead to a fall in the Net Asset Value (the "NAV") of the Underlying Fund and the performance of the Underlying Fund will be adversely affected.

Emerging Markets Risks

Investments in Emerging Markets are subject to greater liquidity risk, currency risk and general market risk. Increased risks may arise in connection with the settlement of securities transactions in Emerging Markets, especially as it may not be possible to deliver securities directly when payment is made. In addition, the legal, taxation and regulatory environment, as well as the accounting, auditing and reporting standards in Emerging Markets may deviate substantially to the detriment of the investors from the levels and standards that are considered standard international practice. Increased custodial risk in Emerging Markets may also arise, which may, in particular, result from differing disposal methods for acquired assets. Such increased risks may have an adverse impact on the Underlying Fund and/or the investors.

Company-Specific Risk

The value of the Underlying Fund's assets (in particular of securities and money-market instruments directly or indirectly held by the Underlying Fund) may be affected by company specific factors (e.g. the issuer's business situation). If a company-specific factor deteriorates, the price of the respective asset may drop significantly and for an extended period of time, possibly without regard to an otherwise generally positive market trend. This may have an adverse impact on the Underlying Fund and/or the investor.

Concentration Risk

If the Underlying Fund focuses its investments on certain markets, types of investments, particular countries, regions or industries, this may reduce risk diversifications. Consequently, such Underlying Fund may be particularly dependent on the development of these investments, markets or related markets, individual or interdependent countries or regions, industries or industries that influence each other or companies of such markets, countries, regions or industries. As such, the Underlying Fund is likely to be more volatile than a fund that has a more diversified investment strategy. It may be more susceptible to fluctuations in value resulting from a limited number of holdings or the impact of adverse conditions on a particular investment or market. This may have an adverse impact on the performance of the Underlying Fund and consequently adversely affect an investor's investment in the Underlying Fund.

Counterparty Risk

Transactions not handled through a stock exchange or a Regulated Market (e.g. OTC trades, securities lending or (reverse) repurchase agreement transactions) are exposed to the risk that a counterparty may default or not completely fulfil its obligations in addition to the general risk of settlement default. This is particularly true of OTC financial derivative instruments and other transactions based on techniques and instruments (including securities lending and (reverse) repurchase agreement transactions). Default by a counterparty may result in losses for the Underlying Fund. However, such risk can be significantly reduced, especially with respect to OTC derivative transactions, by receipt of collateral from the counterparty in accordance with the Umbrella Fund's collateral management policy as described in Appendix 2 - Collateral Management Policy of the Underlying Fund.

Dilution and Swing Pricing Risk

The actual cost of purchasing or selling the underlying assets of the Underlying Fund may be different from the booking value of these assets in the Underlying Fund's valuation. The difference may arise due to dealing and other costs (such as taxes) and/or any spread between the buying and selling prices of the underlying assets. These dilution costs can have an adverse effect on the overall value of the Underlying Fund and thus the NAV per Share may be adjusted in order to avoid disadvantaging the value of investments for existing investors. The size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying assets and the valuation method adopted to calculate the value of such underlying assets of the Underlying Fund.

Distribution out of Capital Risk

The Umbrella Fund may launch share classes of the Underlying Fund whose distribution policy deviates from the regular distribution policy and which may provide for distributions out of capital in accordance with Article 31 of the Law. The payment of distributions out of capital represents a return or withdrawal of part of the amount which the investors originally invested and/or capital gains attributable to the original investment. Investors should be aware that any distributions involving payment of distributions out of the Underlying Fund's capital may result in an immediate decrease in the Net Asset Value per Share and may reduce the capital available for such Underlying Fund for future investment and capital growth. As a result, such investors' investment in the Underlying Fund will be adversely affected. The distribution amount and NAV of any hedged share classes of the Underlying Fund may be adversely affected by differences in the interest rates of the reference currency of the hedged share classes of the Underlying Fund and the base currency of the Underlying Fund, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged share classes of the Underlying Fund.

Interest Rate Risk

To the extent that the Underlying Fund invests directly or indirectly in debt securities, it is exposed to interest-rate risk. If market interest rates rise, the value of the interest-bearing assets held by the Underlying Fund may decline substantially and negatively affect the performance of Underlying Fund. This applies to an even greater degree if Underlying Fund also holds debt securities with a longer time to maturity and a lower nominal interest rate.

Liquidity Risk

Investments in securities in certain developing markets may be subject to higher volatility and lower liquidity compared to more developed markets. Even relatively small orders of illiquid securities can lead to significant price changes. If an asset is illiquid, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the purchase price, or, conversely, its purchase price may increase significantly. Such price changes may adversely impact the NAV of the Underlying Fund.

Sovereign Debt Risk

Debt Securities issued or guaranteed by governments or their agencies ("Sovereign Debt Securities") may be exposed to political, social and economic risks. There is a risk that even governments or their agencies may default or not be able or willing to repay the principal and/or interest. In addition, there are no bankruptcy proceedings for Sovereign Debt Securities on which money to pay the obligations of Sovereign Debt Securities may be collected in whole or in part. Holders of Sovereign Debt Securities may therefore be requested to participate in the rescheduling of Sovereign Debt Securities and to extend further loans to the issuers of Sovereign Debt Securities. The Underlying Fund may suffer significant losses when there is a default of the Issuers of Sovereign Debt Securities. The Underlying Fund may invest all, or a significant part, of its assets, in Sovereign Debt Securities issued guaranteed by a single government or from agencies of the same government.

Use of Derivatives Risk

The Underlying Fund may use derivatives – such as futures, options and swaps – for efficient portfolio management (including hedging) purposes. This may lead to correspondingly lower opportunities and risks in the general Underlying Fund profile. Hedging can be used in particular to reflect the different currency-hedged share classes of the Underlying Fund and thus to mark the profile of the respective share classes of the Underlying Fund. The Underlying Fund may also employ derivatives in a speculative sense in order to increase returns in pursuing the investment objective, in particular, to represent the Underlying Fund's profile and to increase the level of investment above the level of investment of a fund that is fully invested in securities. In reflecting the Underlying Fund's profile through derivatives, the Underlying Fund's profile will be implemented through the replacement of direct investments in securities, for example, by investments in derivatives or also, in shaping the Underlying Fund's profile, specific components of the individual investment objectives and restrictions may be derivative based, for example reflecting currency positions through investments in derivatives, which normally will not have a substantial effect on the Underlying Fund's profile. In particular, if the individual investment objectives and restrictions states that, with the objective of achieving additional returns, the Investment Manager may also assume separate foreign currency risks with regard to certain currencies and/or separate risks with regard to Equities, Debt Securities and/or commodity futures indices and/or precious metals indices and/or commodity indices these components of the individual investment objectives and restrictions are predominantly derivative based. If the Underlying Fund employs derivatives to increase the level of investment (investment purposes), it does so in order to achieve a medium to long-term risk profile that offers potentially much greater market risk than that of a fund with a similar profile that does not invest in derivatives. However, to this end the Investment Manager may employ derivatives as it sees fit, including very high levels of derivatives, which – relative to a fund that does not invest in derivatives with a similar profile – could result in very high additional opportunities and very high risks during certain phases. The Underlying Fund's Investment Manager follows a risk-controlled approach in the use of derivatives.

Valuation Risk

Valuation of the Underlying Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Underlying Fund.

Credit Rating Risk

Credit ratings of Investment Grade debt securities assigned by rating agencies (e.g. Fitch, Moody's and/or Standard & Poor's) are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

Changes in Underlying Conditions Risk

Over time, the underlying conditions (e.g. economic, legal or tax) within which an investment is made may change. This could have a negative effect on the investment and on the treatment of the investment by the investors.

Convertible Bonds Investments Risk

Investing in convertible bonds are normally associated with increased creditworthiness risk, risk of default, risk of interest rate changes, prepayment risk, general market risk, and liquidity risk (for example, the asset cannot be sold or can only be sold at a significant discount to the purchase price), all of which may adversely impact the NAV of the Underlying Fund. The value of convertible bonds may be affected by the price movement of the underlying securities (i.e. equities), among other things. Convertible bonds may also have call provisions and other features which may give rise to the risk of a call. All these factors may adversely impact the NAV of the Underlying Fund.

Performance Risk

It cannot be guaranteed that the investment objective of the Underlying Fund or the investment performance desired by the investors will be achieved. The NAV per unit may fluctuate and may fall, causing investors to incur losses. Investors assume the risk of potentially receiving back a lesser amount of principal than they originally invested. No guarantees are issued by the Underlying Investment Manager or any third party of any outcome for an investment in the Underlying Fund.

Asset backed securities ("ABS") and mortgage backed securities ("MBS") risk

The income, performance and/or capital repayment amounts of ABS and MBS are linked to the income, performance, liquidity and credit rating of the underlying or covering pool of reference assets (e.g. receivables, securities and/or credit derivatives), as well as the individual assets included in the pool or their issuers. If the performance of the assets in the pool is unfavourable for investors, depending on the form of the ABS or MBS, those investors may suffer losses up to and including total loss of invested capital. ABS and MBS may be issued with or without the use of a special-purpose vehicle ("SPV"). Such SPVs normally do not engage in any other business aside from issuing ABS or MBS. The pool underlying the ABS or MBS, which also often consists of non-fungible assets, normally represents the only assets of the SPV or the only assets from which the ABS and MBS are to be serviced. If ABS or MBS are issued without the use of a SPV, there is the risk that the liability of the issuer will be limited to the assets included in the pool. The principal risks in respect of the assets included in the pool are concentration risk, liquidity risk, interest-rate risk, creditworthiness risk, company-specific risk, general market risk, risk of default and counterparty risk as well as the general risks of investing in bonds and derivatives, in particular interest-rate risk, creditworthiness risk, company-specific risk, general market risk, risk of default, counterparty risk and liquidity risk. As a result, ABS and MBS may be highly illiquid and prone to substantial price volatility. These instruments may therefore be subject to greater credit, liquidity and interest-rate risks compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities, the Net Asset Value of the relevant Underlying Fund or investors.

Active Currency Positions Risk

The Underlying Fund may implement active currency derivative positions that may not be correlated with the underlying securities positions held by the Underlying Fund. Therefore, such Underlying Fund may suffer a significant or total loss even if there is no loss of the value of the underlying securities positions (eg. equities, debt securities) held by the Underlying Fund.

Asset Allocation Risk

The performance of the Underlying Fund is partially dependent on the success of the asset allocation strategy employed by that Underlying Fund. There is no assurance that the strategy employed by the Underlying Fund will be successful and therefore the investment objective of the Underlying Fund may not be achieved. The investments of the Underlying Fund may be periodically rebalanced and therefore that Underlying Fund may incur greater transaction costs than the Underlying Fund with static allocation strategy.

Capital Risk

There is a risk that capital of the Underlying Fund or the capital that can be allocated to a Share Class will decrease. Excessive redemptions of the Underlying Fund’s shares or distributions exceeding realised capital gains and other income of returns on investments could have the same effect. A reduction in the capital of the Underlying Fund or the capital that can be allocated to a Class could make the management of the Umbrella Fund or the Underlying Fund unprofitable, which could lead to the liquidation of the Umbrella Fund or the Underlying Fund and to investor losses.

Certificate Investments Risk

A certificate vests the right, subject to the terms and conditions of the certificate, for the certificate holder to demand payment of a specific amount of money or delivery of certain assets on the settlement date. Whether the certificate holder has a corresponding claim on performance and, if so, to what extent, depends on certain criteria, such as the performance of the underlying asset during the term of the certificate or its price on certain days. As an investment vehicle, certificates are subject to the following risks in relation to the issuer of the certificate: creditworthiness risk, company-specific risk, settlement default risk and counterparty risk. Other risks that should be emphasised are general market risk, liquidity risk and, if applicable, currency risk. Certificates are not hedged through other assets or through third-party guarantees. This applies likewise to any permissible position held through another instrument based on the law of obligations.

Contingent Convertible Bonds Investment Risk

Investing in contingent convertible bonds (“CoCos”) is associated with the following specific risks as issued in the statement ESMA/2014/944 ("Potential Risks Associated with Investing in Contingent Convertible Instruments") issued by the ESMA which include, but are not limited to (i) Trigger level risk: trigger levels differ; they determine exposure to conversion risk depending on the distance between the price of the equity security and the trigger level; (ii) Coupon cancellation risk: coupon payments may be cancelled by the issuer at any point and for any length of time; (iii) Capital structure inversion risk: contrary to classic capital hierarchy, CoCo investors may suffer a loss of capital when equity investors do not; (iv) Call extension risk: CoCos are issued as perpetual instruments, callable at predetermined levels only with the approval of the competent authority; (v) Unknown risk: the structure of the instruments is innovative yet untested; (vi) Yield/valuation risk: investors are drawn to CoCos as a result of their frequently attractive yield, which may, however, also represent a premium to their price in light of the complexity of how they are structured.

Custodial Risk

Sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where the Underlying Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of such Underlying Fund may be exposed to custodial risk. The Underlying Fund may be denied access, in whole or in part, to investments held in custody in the event of bankruptcy, negligence, wilful misconduct or fraudulent activity on the part of the Depositary or sub-custodian. In such circumstances, the Underlying Fund may take a longer time or may even be unable to recover some of its assets (in extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title), which may lead to significant losses for the Underlying Fund and consequently adversely affect an investor's investment in the Underlying Fund. The Custodial Risk may apply to assets as well as to collateral.

Early Liquidation Risk

As may be determined by the Board of the Management Company, the Underlying Fund may be liquidated under certain circumstances as set out under "Liquidation and Merger" sector of the Underlying Fund's Prospectus. In the event of the Underlying Fund's liquidation, the Underlying Fund would have to distribute to Investors their pro rata interest in the assets of the Underlying Fund. It is possible that at the time of a sale or distribution, certain assets held by the relevant Underlying Fund may be worth less than their initial cost, resulting in a loss to investors.

European Country Risk

In light of the fiscal conditions and concerns regarding the sovereign debt of certain European countries, investments of the Underlying Fund in Europe may be subject to a number of risks arising from a potential crisis in Europe. The economic and financial difficulties in Europe may continue to get worse or spread within and outside Europe, and may lead to one or several countries exiting the Eurozone and/or exiting the EU or default of a sovereign within the Eurozone and/or within the EU, potentially resulting in the breakup of the EU, the Eurozone and the Euro. While the governments of many European countries (including the EU Member States), the European Commission, the European Central Bank, the International Monetary Fund and other authorities are taking measures (such as undertaking economic reforms and imposing austerity measures on citizens) to address the current fiscal conditions and concerns, these measures may not have their desired effect, and the future stability and growth of Europe is therefore uncertain. The impact of such events on the Underlying Funds which are denominated in Euro or which invest in instruments predominantly tied to Europe may be significant and the NAV of such Underlying Funds may be adversely affected by the increased risks (such as increased volatility, liquidity and currency risks associated with investments in Europe).

Inflation Risk

Inflation risk is the risk that assets will lose value because of a decrease in the value of money. Inflation can reduce the purchasing power of income made on an investment in the Underlying Fund as well as the intrinsic value of the investment. This could have a negative effect on an investors' investment. Different currencies are subject to different levels of inflation risk.

Instruments with Loss-absorption Features Risk

The Underlying Fund may invest in instruments with loss-absorption features which are subject to greater risks when compared to traditional debt instruments as such instruments typically include terms and conditions specifying that the instrument is subject to being partly or wholly written off, written down, or converted to ordinary shares of the issuer upon the occurrence of a pre-defined trigger event. Trigger events are likely to be outside of the issuer's control and commonly include a reduction in the issuer's capital ratio below a specified level or upon specific government or regulatory action being taken as a result of the issuer's ongoing financial viability. Trigger events are complex and difficult to predict and can result in a significant or total reduction in the value of such instruments, giving rise to consequential loss of the Underlying Fund. Contingent convertible bonds are typical instruments with loss-absorption features, please also refer to the risk factor "Contingent Convertible Bonds Investment Risk".

Interest Charged on Deposits Risk

The Umbrella Fund invests the liquid assets of the Underlying Fund at the depositary or other banks for account of the Underlying Fund. In some cases an interest rate is agreed for these bank deposits which correspond to the European Interbank Offered Rate (Euribor) less a certain margin. If the Euribor falls below the agreed margin, this leads to a situation where interest may be charged by the depositary or the relevant banks on the Underlying Fund's deposits held in the corresponding account. Depending on how the interest rate policy of the European Central Bank develops, short-, medium- and long-term bank deposits may be subject to interest charges. Such interest charges may adversely impact the net asset value of the Underlying Fund.

Legal Risk

Legal risks can bear the risk of loss because of the unexpected application of a law or regulation or because a contract cannot be enforced. A (reverse) repurchase, or securities lending contract may be invalid or unenforceable. Even if the collateral arrangement has been set up correctly, there is the risk that the relevant insolvency law may impose a stay that prevents the collateral taker from liquidating the collateral.

Local Tax Risk

As a result of local regulations, a Underlying Fund’s assets may, from time to time, be subject to taxes, fees, charges and other retentions. This applies in particular to revenues or gains from the sale, redemption or restructuring of the Underlying Fund’s assets, cash flow-free restructuring of such assets, and/or changes related to settlement and dividends, interest and other income received by the Underlying Fund. Certain taxes or charges (e.g. all charges collected under FATCA), may be collected in the form of withholding tax or a retention when paying out or forwarding payments. Certain taxes or withholdable payments collected under FATCA may be collected in the form of a withholding tax on the Underlying Fund or in form of a withholding tax on “passthru payments” on the individual shareholder (to the extent provided in future regulations which will be subject to further changes, but in no event before 1 January 2017). Although the Umbrella Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Umbrella Fund will be able to satisfy these obligations. Withholding on passthru payments by the Umbrella Fund will be permitted under applicable laws and regulations and in which case the Umbrella Fund will act in good faith and on reasonable grounds. If the Umbrella Fund becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by Investors may suffer material losses.

Negative Interest on Cash Accounts Risk

The Umbrella Fund invests the liquid asset of the Underlying Funds at the Depositary or other banks for account of the Underlying Funds. Depending on the market development, in particular the development of the interest policy of the European Central Bank, short-, medium- and long-term bank deposits may have negative interest rates which will be charged to the Underlying Funds. Such interest charges may adversely impact the net asset value of the Underlying Funds.

Non-investment Grade Sovereign Debt Securities Risk

The Underlying Fund may invest in Debt Securities issued or guaranteed by a non-investment grade sovereign issuer and is therefore subject to higher credit/default risk and concentration risk as well as greater volatility and higher risk profile. In addition, there are no bankruptcy proceedings for such securities on which money to pay the obligations of the securities may be collected in whole or in part. Investors may be requested to participate in the rescheduling of such securities and to extend further loans to the issuers. In the event of default of the sovereign issuer, the Underlying Fund may suffer significant losses.

Restricted Flexibility Risk

The redemption of Shares may be subject to restrictions. If the redemption of Shares is suspended or delayed, investors will not be able to redeem their Shares and will be compelled to remain invested in the Underlying Fund for a longer period of time than originally intended or desired and their investments continue to be subject to the risks inherent to such Underlying Fund. If a Underlying Fund or Class is dissolved, or if the Umbrella Fund exercises the right to compulsorily redeem Shares, investors will no longer be so invested. The same applies if a Underlying Fund or Class held by the investors merges with another fund, Underlying Fund or Class, in which case the investors shall automatically become holders of shares in such other fund, or Shares in another Underlying Fund or Class. The sales charge levied when Shares are acquired could reduce or even eliminate any gains on an investment, particularly if the investment is held for only a short period of time. If Shares are redeemed in order to invest the proceeds in another type of investment, investors may, in addition to the costs already incurred (e.g. sales charge), incur other costs such as a redemption fee and/or a disinvestment fee for the Underlying Fund held or extra sales charges for the purchase of other shares. These events and circumstances could result in losses to the investor.

Risk Associated with the Receipt of Collateral

The Umbrella Fund may receive collateral for OTC derivatives, securities lending and (reverse) repurchase agreement transactions. Derivatives, as well as securities lent and sold, may increase in value. Therefore, collateral received may no longer be sufficient to fully cover the Umbrella Fund's claim for delivery or redemption of collateral against a counterparty. The Umbrella Fund may deposit cash collateral in blocked accounts or invest it in high quality government bonds or in money market funds with a short-term maturity structure. Though, the credit institution that safe keeps the deposits may default; the performance of government bonds and money market funds may be negative. Upon completion of the transaction, the collateral deposited or invested may no longer be available to the full extent, although the Umbrella Fund is obligated to redeem the collateral at the amount initially granted. Therefore, the Umbrella Fund may be obliged to increase the collateral to the amount granted and thus compensate the losses incurred by the deposit or investment of collateral.

Risk Associated with Collateral Management

Collateral management requires the use of systems and certain process definitions. Failure of processes as well as human or system errors at the level of the Umbrella Fund, the Management Company or third-parties in relation to collateral management could entail the risk that assets, serving as collateral, lose value and are no longer sufficient to fully cover the Umbrella Fund's claim for delivery or transfer back of collateral against a counterparty.

Settlement Risk

There is a risk for investments in unlisted securities that the settlement will not be executed as expected by a transfer system owing to a delayed payment or delivery or payment not being made in accordance with the agreement. This may lead to a fall in the NAV of the Underlying Fund.

Share Movements Risk

The issue of units may lead to the investment of the cash inflow. Redemptions of units may lead to the disposal of investments to achieve liquidity. Such transactions can give rise to costs that could have a substantial negative effect on the performance of the Underlying Fund if units issued and redeemed on a single day do not approximately offset one another.

Small capitalisation / Mid capitalisation Companies Risk

The equities of small capitalisation/mid capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalization companies in general.

Sustainability Risk

Means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. There is systematic research evidence that sustainability risks may materialize as issuer specific extreme loss-risks. Such issuer specific sustainability risk events typically happen with low frequency and probability but may have high financial impact and may lead to significant financial loss. Sustainability Risks may have the potential to influence the investment performance of portfolios negatively. The Management Company considers Sustainability Risks to be potential drivers of financial risk factors in investments such as market price risk, credit risk, liquidity risk and operational risk.

5.2 Risks specific to the Underlying Fund

China Investment Risk

The Underlying Fund may invest in China and be subject to the risks as set out in the Appendix 1 - Additional Disclosure relating to China Investment Risk.

Defaulted Securities / Distressed Debt Risk

In certain cases, the Underlying Fund may acquire securities issued from an issuer that has defaulted on their interest/coupon payments ("Defaulted/Distressed Debt Securities"). The purchase of these securities exposes the Underlying Fund to the specific risk of Issuer Default (see Issuer Default Risk). In addition, an insolvency administrator is usually appointed to manage the defaulted issuer on behalf of the issuer's directors. There is a high risk that the insolvency administrator realises the failed company's assets, pays the liquidation expenses and compensates the creditors as far as the issuer's remaining assets allow. This causes a long-lasting risk to the Underlying Fund that had acquired defaulted securities that these securities could potentially become completely worthless from an economic view. There is therefore a significant risk that the initial invest in the Defaulted/Distressed Debt could be lost entirely. In the event that a security held becomes defaulted, the Underlying Fund may continue to hold the defaulted security until such time as the Investment Manager determines.

High-Yield Investments Risk

High-yield investments are debt securities that are either rated non-investment grade by a recognised rating agency or are not rated at all, but that would presumably receive a rating of non-investment grade if they were to be rated. In particular, such investments are normally associated with an increased degree of creditworthiness risk, risk of interest rate changes, general market risk, company-specific risk and liquidity risk than higher rated, lower yielding securities. Such increased risk may have an adverse impact on the Underlying Fund and/or the investors.

Detailed above are investment risks applicable to the Underlying Fund under the Management Company as set out in the latest Management Company's prospectus (the "Prospectus"). The above should not be considered to be an exhaustive list of risks which potential policyholders should consider before investing into the Fund.

Investors should be aware that an investment in the particular Fund may be exposed to other risks of an exceptional nature from time to time.

6 Subscription of Units

6.1 Initial Purchase Price and Initial Offer Period

PRULink US Dividend Wealth Fund (Distribution) was launched on 8 September 2022 at an offer price of S$1.00. PRULink US Dividend Wealth Fund (Distribution) has an initial offer period from 8 September 2022 to 21 September 2022. During the period, the bid price will be fixed as S$0.95.

PRULink US Dividend Wealth Fund (USD) (Distribution) was launched on 3 October 2023 at a single bid price of US$1.00. The US$ Distribution Class has an initial offer period of 2 weeks from 3 October 2023 to 16 October 2023.

6.2 How to Buy Units

When you apply for your policy, you can choose whether you want:

- all your allocated premium to be invested in one of the available PRULink Funds; or
- all your allocated premium to be invested in 2 or more of the available PRULink Funds.

You must invest a minimum of 5% of your premium in any PRULink Funds you choose and thereafter invest in multiples of 5% of the premium.

A percentage of your premium is used to buy units at the bid price[1] in the PRULink Fund or PRULink Funds you have chosen.

If the premiums are intended to be paid by cash, then the cash together with the proposal form should be submitted to the cashier, otherwise the proposal form should be accompanied by full payment in the form of a cheque or a banker's draft made payable to, or via telegraphic transfer to, Prudential Assurance Company Singapore (Pte) Limited.

If the premiums are intended to be paid with Supplementary Retirement Scheme ("**SRS**") monies, you should instruct the relevant SRS operator bank to withdraw from your SRS account monies in respect of the policy applied for.

If the premiums are intended to be paid with Central Provident Fund ("**CPF**") monies, you should instruct the CPF Board to withdraw from your CPF Ordinary Account ("**CPF-OA**") or CPF Special Account ("**CPF-SA**") (as the case may be) for credit to your CPF Investment Account with a CPF agent bank in respect of the policy applied for.

Units will generally be credited to your account only when the funds are cleared, although we may at our discretion issue units before receiving full payment in cleared funds.

For compliance with applicable anti-money laundering laws and guidelines, we or the Manager reserve the right to request such information as may, in the opinion of the Manager or its approved distributors, be necessary to verify the identity of an applicant.

6.3 Dealing Deadline and Pricing Basis

6.3.1 Pricing of PRULink Fund

Pricing of PRULink Funds is on a forward, bid-bid basis[1].

If we receive your premium:
a) by 3pm, we will use the bid price[1] calculated on the next Business Day; or
b) after 3pm, we will use the bid price[1] calculated on the second Business Day following the day we receive your premium/application.

<u>Example</u>

If we receive your premium by 3pm on Monday, we will use Tuesday's bid price[1] to buy units in your account. If we receive your premium after 3pm on Monday, we will use Wednesday's bid price[1].

6.4 Allotment of Units

Numerical example of units allotment (in the currency of Fund's share classes):

$1,000	X	0%	=	$0
Your Initial Investment		Premium Charge*		Premium Charge

[1] Note: ILP Sub-Fund offered under some products are on bid-offer spread. Please refer to the Product Summary and relevant fund documentation for more information.

$1,000	-	$0	->	$1,000	÷	$1.00	=	1,000 units
Your Initial Investment		Premium Charge Amount		Net Investment Sum		Bid Price[1]		No. of units you will receive

** Please refer to the applicable Premium Charge in the Product Summary.*

7. Withdrawal of Units

7.1 How to Withdraw Units

You can make a partial or full withdrawal by asking us to sell some or all of the units in your account.

We will sell the units as soon as practicable after accepting the application.

7.2 Minimum Holdings Amount and Minimum Withdrawal Amount

The minimum withdrawal amount is $1,000 (in the currency of the Fund's share class).

If you make a partial withdrawal, the remaining units in the account must be worth at least $1,000 (in the currency of the Fund's share class) based on the bid price at the time of withdrawal. If not, you will not be able to make a partial withdrawal. To apply, you must use the appropriate application form and meet the conditions on it. We will notify you if we accept the application.

7.3 Dealing Deadline and Pricing Basis

Pricing of PRULink Funds is on a forward, bid-bid basis[1].
If we receive the withdrawal application:

a) by 3pm, we will use the bid price[1] calculated on the next Business Day; or

b) after 3pm, we will use the or bid price[1] calculated on the second Business Day following the day we receive the withdrawal application.

<u>Example</u>

If we receive the withdrawal application by 3pm on Monday, we will use Tuesday's bid price to sell units in the account. If we receive the withdrawal application after 3pm on Monday, we will use Wednesday's bid price.

7.4 Calculation of Withdrawal Proceeds

Numerical example of withdrawal value based on withdrawal of 1,000 units (in the currency of Fund's share classes):

1, 000	X	$0.95	=	$950
Number of Units Withdrawn		Bid Price		Withdrawal Value

7.5 Settlement for Withdrawal

We will pay the withdrawal proceeds within:

- T+ 4 Business Days in respect of bond and money market funds; and
- T+ 6 Business Days in respect of funds other than bond and money market, property and hedge funds.

If you decide to surrender the policy invested in a money market and equity fund at the same time the payment of the withdrawal proceeds shall not be later than T+ 6 Business Days.

If we receive your withdrawal request with all the documents and information:

a) by 3pm, T will be on the same Business Day we receive your withdrawal request;

b) after 3pm, T will be the next Business Day after we receive your withdrawal request. It is also considered paid on the day your account is credited or a cheque is mailed to you.

8. Switching of PRULink Fund(s)

You can switch the units in your account into other PRULink Fund(s) that are available. The minimum amount allowed to switch out of a PRULink Fund is currently $200 (in the currency of the Fund's share class). The remaining units in the PRULink Fund that you are switching from must be worth at least $200 (in the currency of the Fund's share class) based on the bid price at the time of switching. If not, you must switch all the units out of the PRULink Fund.

To make the switch, we sell the units in the old PRULink Fund at the bid price of that PRULink Fund and buy units in the new PRULink Fund at its bid price.

We currently do not charge for fund switches. However, we reserve the right to levy an administration charge but will not do so before giving 30 days' written notice.

To apply for switching, you must use the appropriate application form and meet the conditions on it. We will notify you if we accept your application.

9. Obtaining Prices of Units

The valuation of the Fund is dependent on the Underlying Fund and is valued correspondingly with the Underlying Fund on each Business Day ("**Pricing Date**") to work out the unit price. Prices of the PRULink Funds* may currently be obtained from www.prudential.com.sg, Straits Times and Business Times or such other publications or media as may from time to time be available.

**The actual offer and bid prices are published at the end of the first Business Day after the relevant pricing date.*

We reserve the right to change the list of sources from which the unit price can be currently obtained. We shall not be responsible for any errors in the published prices or for any late or non-publication of the prices attributable to the publishers.

10. Suspension of Dealing

The ILP Sub-Fund is not listed and you can withdraw your units only on Business Days. There is no secondary market for the units in the ILP Sub-Fund. All withdrawal application should be submitted to the Product Provider.

We reserve the right to suspend immediately any issue, withdrawal, exchange or other dealing in relation to any of the PRULink Funds (or the units there under) if the Manager of the Fund or the Management Company and/or the Investment Manager of the Underlying Fund (where applicable) suspends the issue, withdrawal, exchange or other dealing in the units or shares of the Fund or the Underlying Fund, or if we are required to do so by the Management Company and/or the Investment Manager or the Manager or any other government or regulatory body, or at our reasonable discretion, including but not limited to the following situations:

(i) during any period when any market for any Material Proportion of the calculation of the value of units the Investments for the time being constituting the relevant Deposited Property is closed otherwise than for ordinary holidays;

(ii) during any period when dealings on any such market are restricted or suspended;

(iii) during any period when, in the opinion of the Manager, there exists any state of affairs as a result of which withdrawal of deposits held for the account of the Fund or the realisation of any Material Proportion of the Investment for the time being constituting the relevant assets comprised in that PRULink Fund cannot be effected normally or without seriously prejudicing the interests of investors of that PRULink Fund as a whole;

(iv) during any period during which there is, in the opinion of the Manager, any breakdown in the means of communication normally employed in determining the value of any of the Investments or the amount of any cash for the time being comprised in the relevant Deposited Property or when for any other reason the value of any such Investment or the amount of any such cash or liability cannot be promptly and accurately ascertained, including any period when the fair value of a Material Proportion of the Investments for the time being constituting the relevant Deposited Property cannot be determined and for the purpose of this paragraph, “fair value” of an Investment is the price that the Fund would reasonably expect to receive upon a current sale of the Investment;

(v) during any period when, in the opinion of the Manager, the transfer of funds which will or may be involved in the realisation of any Material Proportion of the Investments for the time being constituting the relevant Deposited Property cannot be effected promptly at normal rates of the exchange;

(vi) where the PRULink Fund is a feeder fund or fund of funds, during any period when dealings in the units or shares of the relevant fund or underlying fund(s) are restricted or suspended;

(vii) any period when dealing in units is suspended pursuant to any order or direction of the Authority;

(viii) any period when the business operations of the Product Provider/Manager in relation to the operation of the Fund or the Underlying Fund (as the case may be) is 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;

and payment for any units of the Fund realised before the commencement of any such suspension but for which payment has not been made before the commencement thereof may, if the Product Provider so agree, be deferred until immediately after the end of such suspension. Such suspension shall take effect forthwith upon the declaration in writing thereof by the Product Provider 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 such cessation having been confirmed by the Manager). The Product Provider shall as soon as practicable after its declaration of any temporary suspension of realisation and of the termination of such suspension cause such information to be published in the major local newspaper in Singapore which published the daily issue and realisation pricing of units of the Fund.

11. Soft Dollar Commissions or Arrangements

The Manager, the Management Company and the Investment Manages of the Underlying Fund (together, the “Relevant Parties”) may be entitled to receive and/or enter into soft-dollar commissions/arrangements in respect of the Fund or the Underlying Funds (as the case may be). The Relevant Parties will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions/arrangements shall include specific advice as to the advisability of dealing in, or as to 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, the conduct of research or analysis, or analysis of trade execution, and custodial service in relation to the investments managed for clients.

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

The Relevant Parties shall not accept or enter into soft-dollar commission/arrangements unless (a) such soft-dollar commissions/arrangements would reasonably assist the Relevant Party concerned in the management of the Fund or the Underlying Funds (b) the Relevant Party shall ensure at all times that transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, and (c) no unnecessary trades are entered into in order to qualify for such soft-dollar commissions/arrangements.

The Relevant Parties do not retain for its/their own account, cash or commission rebates arising out of transactions for the Fund or the Underlying Fund executed in or outside Singapore.

Periodic disclosure in the form of a statement describing such soft commissions or arrangements will be made in the Umbrella Fund's annual report.

12. Conflicts of Interest

The Manager, the Management Company and the Investment Manager (where applicable) may own, hold, dispose or otherwise deal with units of the Fund or the Underlying Funds. In the event of any conflict of interest arising as a result of such dealing, the Manager, the Management Company and the Investment Manager (where applicable), following consultation, shall resolve such conflict in a just and equitable manner as they deem fit which would not prejudice the interests of investors. The Manager, the Management Company and the Investment Manager (where applicable) shall conduct all transactions with or for the Fund and the Underlying Funds on an arm's length basis.

The Manager, the Management Company and the Investment Manager (where applicable) and their respective associates (collectively the "Parties") are or may be involved in other financial, investment and professional activities which may on occasion cause conflict of interest with the management of the Fund and the Underlying Funds. These include management of other funds, product development, investment operations services, IT services, purchases and sales of securities, investment and management counselling, brokerage services, trustee and custodial and registrar services, transactions in derivatives, OTC derivatives and efficient portfolio management techniques and instruments and serving as directors, officers, advisers or agents of other funds or other companies, including companies in which the Underlying Funds may invest. Each of the Parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they might have. In the event that a conflict of interest does arise, the Parties shall endeavour to ensure that it is resolved fairly and in the interest of investors.

13. Reports

The financial year-end of the PRULink Funds is 31 December of each year. You will receive the Semi-Annual Report and Annual Audited Report within 2 months and 3 months respectively from the last date of the period to which the report dates. The Semi-Annual Report and Annual Audited Report may also be obtained from www.prudential.com.sg.

14. Other Material Information

14.1 Right to Change Investment Objective

The Manager reserve the right to change the investment objective of the Fund from time to time. The Management Company and/or the Investment Manager of the Underlying Fund reserves the right to change the investment objectives of the Underlying Fund. However, 30 days' written notice will be given before doing so.

14.2 Right to Change Underlying Fund(s)

The Manager or the Product Provider may at its sole discretion replace the Underlying Fund, subject to applicable regulatory approval having been obtained and 30 days' prior written notice having been provided to you.

14.3 Duties and Obligations

We may have to observe certain duties and obligations (which may require your co-operation and assistance):

- Under the agreements between us and the Management Company, and
- Under certain statutory and regulatory requirements which may include but are not limited to notices and guidelines issued from time to time by various associations and authorities.

We may therefore require your co-operation, upon our request, to perform certain actions, so as to allow us to carry out these duties and obligations.

14.4 Distribution of Income and Capital

Distribution of income, net capital gains and/or capital of the Fund (where applicable) will be at the Manager's sole discretion. In the event where any distribution is made, such distribution will reduce the net asset value of the Fund.

Distributions out of capital is equivalent to a reduction or return of an investor's initial capital.

14.5 Termination of PRULink Funds

We reserve the right to terminate immediately (upon giving written notice) any of the PRULink Funds if the Manager or the Management Company terminates the Fund or Underlying Fund, or if we are required to do so by the Manager or Management Company (where applicable) or any other government or regulatory body, or at our reasonable discretion, including but not limited to the following situations:

(i) on any date if on such date the value of the relevant assets comprised in that PRULink Fund is less than S$5 million or its equivalent in any applicable foreign currency;

(ii) if any law is passed or any direction is given by the Authority which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue that PRULink Fund or if any approval or authorization of that PRULink Fund is revoked or withdrawn;

(iii) if the Manager or Management Company is of the view that it is not in the best interest of policyholders in that PRULink Fund to continue the PRULink Fund; or

(iv) in the event of the amalgamation, reconstruction, reorganization, dissolution, liquidation, merger or consolidation of any one of the funds within the relevant Underlying Fund(s) that is corresponding to that PRULink Fund, if any, or a change in the Investment Manager(s) of the relevant Underlying Fund or the corresponding fund (as the case may be).

If we terminate a PRULink Fund, we will sell units in that PRULink Fund based on the bid price calculated after liquidating all Investments in that PRULink Fund. Upon completion, we will return you the value of units in your account.

Schedule 1 – PRULink US Dividend Wealth Fund (Distribution)

a. Structure

PRULink US Dividend Wealth Fund (Distribution) is a single fund and classified as Specified Investment Product. The Fund was launched on 8 September 2022. It feeds into the Underlying Fund which is domiciled in Luxembourg. The Fund has a risk classification of Higher Risk.

The Fund offers two Classes of units, namely Singapore Dollar ("**S$**") Distribution Class and US Dollar ("**US$**") Distribution Class. There are no material differences between the S$ Distribution Class and US$ Distribution Class except the choice of different currency options. The difference in reference currency can impact investment returns which investors should consider before investing into the relevant share class. For more information on currency risk, please refer to Section 5 Risks.

Prudential Singapore may at its sole absolute discretion declare and pay out dividends on a monthly basis. Please refer to Part G "Distribution Policy" for more details.

Share Classes	Reference Currency	Distribution type	Underlying Fund
PRULink US Dividend Wealth Fund (Distribution)	S$	Distribution	Allianz Income and Growth Fund H2-SGD AM
PRULink US Dividend Wealth Fund (USD) (Distribution)	US$	Distribution	Allianz Income and Growth USD AM

b. Investment Objective

PRULink US Dividend Wealth Fund (Distribution) invests 100% into the Underlying Fund. The investment objective of the Underlying Fund is to provide long term capital growth and income by investing in corporate Debt Securities and Equities of US and/or Canadian equity and bond markets.

c. Investment Strategy

The Fund and the Underlying Fund share the same investment strategy.

- Min. 70% of Underlying Fund assets are invested in corporate Debt Securities and Equities of US and/or Canadian equity and bond markets.
- Max. 70 % of the Underlying Fund assets may be invested in Equities in accordance with the investment objective
- Max. 70% of the Underlying Fund assets may be invested in convertible debt securities in accordance with the investment objective
- Max. 70% of the Underlying Fund assets may be invested in High-Yield Investments Type 1, however the Underlying Fund assets may be invested in Debt Securities that are only rated CC (Standard & Poor's) or lower (including max. 10% of defaulted securities)
- Max. 30% of the Underlying Fund assets may be invested in Emerging Markets
- Max. 25% of the Underlying Fund assets may be held in deposits and/or may be invested directly in Money-Market Instruments and /or (up to 10% of the Underlying Fund assets) in money market funds
- Max. 20% non-USD Currency Exposure

On a temporary basis for liquidity management and/or defensive purpose and/or any other exceptional circumstances, and if the Investment Manager considers it in the best interest of the Underlying Fund, up to 100% of Underlying Fund's assets may be held in time deposits and/or (up to 20% of the Underlying Fund assets) in deposits at sight and/or invested directly in money market instruments and (up to 10% of the Underlying Fund's assets) in money market funds.

The ILP Sub-Fund is actively managed without reference to a benchmark.

The Underlying Fund may use financial derivative instruments for efficient portfolio management (including for hedging) purposes and/or for the purpose of optimising returns or in other words investment purposes.

d. Fund Suitability

The Fund is only suitable for investors who:

- pursue the objective of general capital formation/asset optimisation;
- have basic knowledge and/or experience of financial products; and
- are capable of bearing a financial loss.

The Fund may not be suitable for investors who wish to withdraw their capital from the Fund within a short timeframe.

Investors may wish to speak to a Prudential Financial Consultant or Representative before making a commitment to invest in the Fund.

e. Performance of the Fund Share Classes

Past Performance of the Fund Share Classes (as at 31 July 2023)

Share Class Performance	Inception Date	1 Year	3 Years*	5 Years*	Since Inception*
PRULink US Dividend Wealth Fund (Distribution)	8 September 2022	n.a.	n.a.	n.a.	9.92%

The US$ Distribution Class was launched on 3 October 2023 and therefore there is no past performance record.

Due to the investment strategy of this Fund, there is no benchmark against which the performance of the Fund may be accurately measured.

** Annualised*

Source: Citibank N.A Singapore; SGD; net income reinvested

Performance calculation is based on net asset value pricing, in Singapore Dollars with all dividends or distributions reinvested, taking into account all charges which would have been payable upon such reinvestment. Fees and charges payable through deduction of premium or cancellation of units are excluded from this calculation.

Expense Ratio[2] of the Fund

PRULink Fund Share Classes	Expense Ratio as at 31 December 2022
PRULink US Dividend Wealth Fund (Distribution)	1.68%

The US$ Distribution Class was launched on 3 October 2023 and therefore there is no past expense ratio record.

[#] Please note that charges for insurance coverage are not applicable at the Fund level and are thus excluded from the calculation of the expense ratio. For more information on the charges for insurance coverage, please refer to the Product Summary.

Turnover Ratio[3] of the Fund

PRULink Fund Share Classes	Turnover Ratio for the year ended 31 December 2022
PRULink US Dividend Wealth Fund (Distribution)	21.56%

The US$ Distribution Class was launched on 3 October 2023 and therefore there is no past expense ratio record.

Source: Prudential Assurance Company Singapore (Pte) Limited

Turnover Ratio[4] of the Underlying Fund Share Classes

Underlying Fund	Turnover Ratio for the financial year ended 30 September 2022
Allianz Income and Growth Fund H2-SGD AM	62.17%
Allianz Income and Growth USD AM	62.17%

Source: Allianz Global Investors Singapore Limited

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[2] The expense ratio is calculated in accordance with Investment Management Association of Singapore's (IMAS) guidelines on the disclosure of expense ratios and based on the PRULink Funds' latest audited accounts and includes the annualised expense ratio of the Underlying Fund but does not include the following expenses:

(a) brokerage and other transaction costs;
(b) performance fee;
(c) foreign exchange gains and losses;
(d) front or back-end loads arising from the purchase or sale of other funds;
(e) tax deducted at source or arising from income received;
(f) advertising and promotion costs; and
(g) charges for insurance coverage.[#]

[#] Please note that charges for insurance coverage are not applicable at the Fund level and are thus excluded from the calculation of the expense ratio. For more information on the charges for insurance coverage, please refer to the Product Summary.

[3] The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value.

[4] The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value.

f. Fees

<u>Fees payable directly by you</u>

Initial Investment Charge

There is a 5%* initial investment charge (bid-offer spread) for cash and SRS investment. This charge is reflected as the difference between the bid price and offer price of the Fund. The offer and bid prices are the buying and selling prices to you respectively. PRULink Funds are valued, and charges are deducted, on a forward pricing basis.

Note: ILP Sub-Fund offered under some products are on bid-offer spread. Please refer to the Product Summary and relevant fund documentation for more information.

** Only applicable for some ILP products. Please refer to the Product Summary for details of charges incurred on your insurance plan as charges may vary from product to product and may be lower than 5%.*

Redemption Fee is not applicable

<u>Fees payable by the ILP Sub-Fund</u>

Continuing Investment Charge

The continuing investment charge is currently 1.50% per annum. This charge is deducted from the asset value of the ILP Sub-Fund on a pro-rata basis at each unit pricing date throughout the year. We reserve the right to vary the continuing investment charge. Any increase in the continuing investment charge will be up to a maximum of 2% per annum but we will not do so before giving you 6 months' written notice.

Other Fees Payable by the Fund

The custodian fee is below 0.02% per annum, and it may vary depending on number and volume of transactions.

The offer and bid prices of the fund are net of these charges. Other charges are listed in the Product Summary.

g. Distribution Policy

(a) The Fund targets to make monthly distributions. The distribution shall be expressed in cents per unit. The Fund intends to make a distribution on or around the fifteenth Business Day in each month of every calendar year ("Declaration Date") or such other dates as the Fund may in its absolute discretion determine.

(b) Investors who have invested in the Fund before the Declaration Date, will be entitled to distributions as long as they remain invested and have units credited and held in their accounts on the Declaration Date. Distributions shall be based on the number of units held by the investors as at the relevant Declaration Date as evidenced in our records. If an investor has made an application for any transactions (including surrender, withdrawal or switching), which is yet to be processed, the number of units meant to be processed will not be included in determining the distribution amount.

(c) For investment with cash ("Cash") or SRS, i.e., not using Central Provident Fund ("CPF"), investors may choose at the time of application for investment in the Fund to either receive all (but not part) of the distributions as payouts or to have all (but not part) of the distributions reinvested in the Fund to receive extra units.

(d) If investors wish to change the instructions for receiving distributions they must write in to inform us at least 30 days before the Declaration Date. Please note that any such election will automatically supersede all prior instructions relating to receiving distributions and shall apply to all of the units then held by them.

(e) If investors chose to receive the distributions as payouts, distributions will be credited to their designated bank account or sent to them via cheque within 45 days from the relevant Declaration Date ("Payout Date"). Prudential Singapore reserves the right to change the Payout Date.

(f) If investors chose to reinvest the distributions, extra units which will be credited into their account within 45 days from the relevant Declaration Date at bid price ("Reinvestment Date"). Prudential Singapore reserves the right to change the Reinvestment Date.

(g) If investors have chosen to receive the distributions as payouts, for any transaction (including surrender, withdrawal and switching) performed by them between the Declaration Date and Payout Date, the redemption proceeds will be calculated at the prevailing bid price (Refer to Section 9). Distributions due to the investors will be credited separately to their designated bank account or sent to them via cheque on the Payout Date.

(h) If investors have chosen to reinvest the distributions, for any of these transactions (including surrender, withdrawal and switching) performed by them between the Declaration Date and Reinvestment Date, the redemption proceeds will be calculated at the prevailing bid price (Refer to Section 9). Distributions due to them will be credited back into their account except for surrenders. For surrenders, distributions will be paid to investors by cheque.

(i) If investors have switched into another PRULink Fund between the Declaration Date and Reinvestment Date, they will receive the distributions which will be reinvested to the Fund.

(j) Investors may cancel the policy within the review period (i.e. 14 days after receiving the policy document). If the policy is incepted before the Declaration Date, and should investors decide to cancel the policy after the Declaration Date but before the Payout Date or Reinvestment Date, they will receive a refund of premiums based on the premium refund formula as determined by us, less medical fees (if any). Any distributions due will be paid to investors on the Payout Date or Reinvestment Date (whichever is applicable).

(k) If investor's policy is incepted before the Declaration Date, and should they decide to cancel the policy after the Payout Date or Reinvestment Date, they will receive a refund of premiums based on the premium refund formula as determined by us, less medical fees (if any).

(l) If death or total and permanent disability of the insured occurs before the Declaration Date, they will not be entitled to the distributions. If death or total and permanent disability of the insured occurs between the Declaration Date and Payout Date or Reinvestment Date, they will be entitled to the unit value in the Fund at the prevailing bid price. Distributions due to investors will be paid to their estate on the Payout Date or Reinvestment Date (whichever is applicable).

Please note the Distribution only applies to the Distribution Share Class of the Fund.

Distribution payments shall, at the sole discretion of Prudential Singapore, be made out of either (a) income; or (b) net capital gains; or (c) capital of the Fund or a combination of (a) and/or (b) and/or (c).

Distributions are at the discretion of Prudential Singapore and there is no guarantee, assurance and/or certainty that any distribution will be made and if distributions are made, such distributions are not in any way a forecast, indication or projection of the future or likely performance / distribution of the Fund. The making of any distribution shall not be taken to imply that further distributions will be made. Prudential Singapore may also vary the frequency and/ or amount for distributions made.

Investors should also note that distributions of the Fund may, in the event that income and net capital gains are insufficient, or due to fluctuations in exchange rates, be made out of the capital of the Fund. The exchange rates used will be determined solely at the discretion of Prudential Singapore. When distributions are declared and paid out (including out of capital) with respect to the Fund, the net assets of the Fund will reduce by an amount equivalent to the distributions declared. This will be reflected as a reduction in the unit price.

Appendix 1 – Additional Disclosure relating to China Investment Risk

The Underlying Fund may invest in the Equity Markets and/or Debt Securities Markets of the PRC. There are numerous and varied risks associated with such an investment which are referred to as the "China Investment Risk". Independent if the Underlying Fund invests in the Equity Markets and/or in the Debt Securities Markets of the PRC, the following risks are generally associated with such an investment, in the PRC:

<u>FII Risk</u>

The Underlying Fund may invest in securities and investments permitted to be held or made by FII under the relevant FII Regulations through institutions that have obtained FII status in China. In addition to the general investment and equity related risks of investments including in particular the Emerging Markets risks, the following risks should be emphasised:

<u>Regulatory Risks</u>

The FII regime is governed by FII Regulations. Certain parts of the Management Company meet the relevant prescribed eligibility requirements under the FII Regulations and have been granted or might be granted a FII license. FII Regulations may be amended from time to time. It is not possible to predict how such changes would affect the Underlying Fund. Rules on investment restrictions and rules on repatriation of principal and profits, imposed by the Chinese government on the FII may be applicable to the latter as a whole and not only to the investments made by the Underlying Fund and may have an adverse effect on the Underlying Fund's liquidity and performance.

<u>FII Investments Risks</u>

Investors should be aware that there can be no assurance that a FII will continue to maintain its FII status and/or that redemption requests can be processed in a timely manner due to changes in FII Regulations. Therefore, the Underlying Fund may no longer be able to invest directly in the PRC or may be required to dispose of its investments in the PRC domestic securities market held by the FII, which could have an adverse effect on its performance or result in a significant loss. Regulatory sanctions may be imposed on the FII if the FII itself or the local custodian breach any provision of the relevant rules and regulations. Such restriction may result in a rejection of applications or a suspension of dealings of the Underlying Fund. Should the FII lose its FII status or retire or be removed, the Underlying Fund may not be able to invest in FII Eligible Securities, and the Underlying Fund may be required to dispose of its holdings, which would likely have a material adverse effect on the Underlying Fund.

<u>Limits on Redemption</u>

The Underlying Fund may be impacted by the rules and restrictions under the FII regime (including investment restrictions, limitations on foreign ownership or holdings), which may have an adverse impact on its performance and/or its liquidity. Currently, no regulatory prior approval is required for repatriation of funds from the FII. However, the FII Regulations are subject to uncertainty in their application and there is no certainty that no other regulatory restrictions will apply or that repatriation restrictions will be imposed in the future. Although the relevant FII Regulations have recently been revised to relax regulatory restrictions on the onshore capital management by FIIs (including removing investment quota limit and simplifying process for repatriation of investment proceeds), it is a very new development therefore subject to uncertainties as to how well it will be implemented in practice, especially at the early stage.

Any restrictions on repatriation of the invested capital and net profits may impact on the Underlying Fund's ability to meet redemption requests from the investors. In extreme circumstances, the Underlying Fund may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to FII investment restrictions, illiquidity of the PRC's securities market, and delay or disruption in execution of trades or in settlement of trades.

PRC Depositary Risks under the FII regime

Where the Underlying Fund invests in fixed income securities and/or eligible securities through the FII, such securities will be maintained by a local custodian pursuant to PRC regulations through appropriate securities accounts and such other relevant depositories in such name as may be permitted or required in accordance with PRC law. The Underlying Fund may incur losses due to the acts or omissions of the PRC Depositary in the execution or settlement of any transaction. The Depositary will make arrangements to ensure that the relevant PRC Depositary has appropriate procedures to properly safe-keep the assets of the Underlying Fund. The securities accounts are to be maintained and recorded in the joint name of the FII and the Underlying Fund and segregated from the other assets of the same local custodian. However, the FII Regulations are subject to the interpretation of the relevant authorities in the PRC. Any securities acquired by the Underlying Fund held by the FII will be maintained by the PRC Depositary and should be registered in the joint names of the FII and the Underlying Fund and for the sole benefit and use of the Underlying Fund. Providing that the FII will be the party entitled to the securities, the related security may be vulnerable to a claim by a liquidator of the FII and may not be as well protected as if they were registered solely in the name of the Underlying Fund. In addition, investors should note that cash deposited in the cash account of the Underlying Fund with the relevant local custodian will not be segregated but will be a debt owing from the local custodian to the Underlying Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of that local custodian. In the event of bankruptcy or liquidation of the local custodian, the Underlying Fund will not have any proprietary rights to the cash deposited in such cash account, and the Underlying Fund will become an unsecured creditor, ranking equal with all other unsecured creditors, of the local custodian. The Underlying Fund may face difficulty and/or encounter delays in recovering such debt or may not be able to recover it in full or at all, in which case the Underlying Fund will suffer losses.

PRC Broker Risks under the FII regime

The execution and settlement of transactions may be conducted by PRC Brokers appointed by the FII, as the case may be. There is a risk that the Underlying Fund may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the Underlying Fund may be adversely affected in the execution or settlement of any transaction. In selection of PRC Brokers, the FII will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the FII, as the case may be, consider appropriate and if under market or operational constraints, it is possible that a single PRC Broker will be appointed, and the Underlying Fund may not necessarily pay the lowest commission or spread available in the market at the relevant time.

PRC Tax Provision Risk

If no or inadequate provision for potential withholding tax is made and, in the event, that the PRC tax authorities enforce the imposition of such withholding tax, the Net Asset Value of the Underlying Fund may be adversely affected. For any withholding tax made in respect of trading of PRC securities, it may reduce the income from, and/or adversely affect the performance of, the Underlying Fund. With respect to CIBM, the amount withheld (if any) will be retained by the Investment Manager for the account of the Underlying Fund until the position with regard to PRC taxation in respect of gains and profits from trading via the CIBM has been clarified. In the event that such position is clarified to the advantage of the Underlying Fund, the Umbrella Fund may rebate all or part of the withheld amount to Underlying Fund. The withheld amount (if any) so rebated shall be retained by the Underlying Fund and reflected in the value of its shares. Notwithstanding the foregoing, no investors who redeemed his/her shares before the rebate of any withheld amounts shall be entitled to claim any part of such rebate. It should also be noted that the actual applicable tax imposed by the PRC tax authorities may be different and may change from time to time. There is a possibility of the rules being changed and taxes being applied retrospectively. Any increased tax liabilities on the Underlying Fund may adversely affect the Underlying Fund’s value. As such, any provision for taxation made by the Investment Manager for the account of the relevant Underlying Fund may be excessive or inadequate to meet final PRC tax liabilities. Consequently, investors of the Underlying Fund may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their shares in/from the Underlying Fund. If the actual applicable tax levied by the PRC tax authorities is higher than that provided for by the Investment Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Underlying Fund may suffer more than the tax provision amount as that Underlying Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Investors will be disadvantaged. On the other hand, if the actual applicable tax rate levied by the PRC tax authorities is lower than that provided for by the Investment Manager so that there is an excess in the tax provision amount, Investors who have redeemed shares in the Underlying Fund before the PRC tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Investment Manager's over-provision. In this case, the then existing and new Investors may benefit if the difference between the tax provision and the actual taxation liability under that lower tax amount can be returned to the account of the Underlying Fund as assets thereof. Investors should seek their own tax advice on their own tax position with regard to their investment in the Underlying Fund. It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC investments than is currently contemplated.

RMB Risk

Investors should be aware that the RMB is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, RMB is traded in PRC ("CNY") and outside PRC ("CNH"). RMB traded in PRC, CNY, is not freely convertible and is subject to exchange control policies and restrictions imposed by the PRC authorities. On the other hand, the RMB traded outside the PRC, CNH, is freely tradeable but still subject to controls, limits and availability. In general, the respective daily exchange rate of the RMB against other currencies is allowed to float within a range above or below the central parity rates published by the People's Bank of China ("PBOC") each day. Its exchange rate against other currencies, including e.g. USD or HKD, is therefore susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely. While CNY and CNH represent the same currency, they are traded on different and separate markets which operate independently. As such, the value of CNH could differ, perhaps significantly, from that of CNY and the exchange rate of CNH and CNY may not move in the same direction due to a number of factors including, without limitation, the foreign exchange control policies and repatriation restrictions pursued by the PRC government from time-to-time, as well as other external market forces. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB. There is no assurance that RMB will not be subject to devaluation, in which case the value of investors' investments in RMB assets will be adversely affected. Currently, the PRC government imposes certain restrictions on repatriation of RMB out of the PRC. Investors should note that such restrictions may limit the depth of the RMB market available outside of the PRC and thereby, may reduce the liquidity of the Underlying Fund. The PRC government's policies on exchange controls and repatriation restrictions are subject to change, and the Underlying Fund's and its investors' position may be adversely affected by such change. With regard to Underlying Fund's share classes denominated in RMB investors, who invest in the Underlying Fund's share classes, should pay particular attention to this risk warning.

The Underlying Fund may invest into the Equity Markets of the PRC and the following risks apply additionally:

Investing in China A-Shares Risk

The securities market in the PRC, including China A-Shares, may be more volatile, and unstable (for example, due to the risk of suspension /limitation in trading of a particular stock or government intervention) than markets in more developed countries and has potential settlement difficulties. This may result in significant fluctuations in the prices of securities traded in such market and thereby affecting the prices of shares of the Underlying Fund. Investment in the PRC remains sensitive to any major change in economic, social and political policy in the PRC. The capital growth and thus the performance of these investments may be adversely affected due to such sensitivity.

Utilising Stock Connect Programmes Risk

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the Underlying Fund), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China A-Shares listed on the SSE by routing orders to the SSE. Under the Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect, investors in the PRC will be able to trade certain stocks listed on the SEHK.

Under the Shanghai-Hong Kong Stock Connect, the Underlying Fund, through their Hong Kong brokers may trade certain eligible shares listed on the SSE ("SSE Securities"). These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices, but which have corresponding H-Shares listed on SEHK, except the following:

– SSE-listed shares which are not traded in RMB;

– SSE-listed shares which are included in the "risk alert board"; and

– SSE-listed shares which are subject to delisting process or the listing of which has been suspended by SSE.

It is expected that the list of eligible securities will be subject to review.

The trading is subject to rules and regulations issued from time to time. Trading under the Shanghai-Hong Kong Stock Connect is subject to a daily quota ("Daily Quota"). Northbound Shanghai Trading Link and Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect will be subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Shanghai-Hong Kong Stock Connect each day.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the Underlying Fund), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China A-Shares listed on the SZSE by routing orders to SZSE. Under the Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect investors in the PRC will be able to trade certain stocks listed on the SEHK.

Under the Shenzhen-Hong Kong Stock Connect, the Underlying Fund, through their Hong Kong brokers may trade certain eligible shares listed on the SZSE ("SZSE Securities"). These include any constituent stock of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB6 billion and all SZSE-listed China A-Shares which have corresponding H Shares listed on the SEHK except for the following:

– SZSE-listed shares which are not traded in RMB;

– SZSE-listed shares which are included in the "risk alert board"; and

– SZSE-listed shares which are subject to delisting process or the listing of which has been suspended by SZSE.

At the initial stage of the Northbound Shenzhen Trading Link, investors eligible to trade shares that are listed on the ChiNext Board of SZSE under the Northbound Shenzhen Trading Link will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations.

It is expected that the list of eligible securities will be subject to review.

The trading is subject to rules and regulations issued from time to time. Trading under the Shenzhen-Hong Kong Stock Connect will be subject to a Daily Quota. Northbound Shenzhen Trading Link and Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect will be subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Shenzhen-Hong Kong Stock Connect each day.

HKSCC, a wholly owned subsidiary of the Hong Kong Exchanges and Clearing Limited, and ChinaClear will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by their respective market participants and/or investors. The China A-Shares traded through Stock Connect are issued in scripless form, and investors will not hold any physical China A-Shares.

Although HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock accounts in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the investors when it handles corporate actions in respect of such SSE Securities and SZSE Securities.

SSE/SZSE listed companies usually announce information regarding their annual general meetings/extraordinary general meetings about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will inform the Hong Kong Central Clearing and Settlement System ("CCASS") participants of all general meeting details such as meeting date, time, venue and the number of proposed resolutions.

Under the Stock Connect, Hong Kong and overseas investors will be subject to the fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland Chinese authority when they trade and settle SSE Securities and SZSE Securities. Further information about the trading fees and levies is available online at the website:

http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

In accordance with the UCITS requirements, the Depositary shall provide for the safekeeping of the Underlying Fund's assets in the PRC through its global custody network. Such safekeeping is in accordance with the conditions set down by the CSSF which provides that there must be legal separation of non-cash assets held under custody and that the Depositary through its delegates must maintain appropriate internal control systems to ensure that records clearly identify the nature and amount of assets under custody, the ownership of each asset and where documents of title to each asset are located.

The Underlying Fund may invest in China A-Shares via the Stock Connect. In addition to the general investment and equity related risks including Emerging Markets risks and risks regarding RMB, the following risks should be emphasised:

<u>Quota Limitations</u>

The Stock Connect is subject to quota limitations. In particular, the Stock Connect is subject to a daily quota which does not belong to the Underlying Fund and can only be utilised on a first-come-first-serve basis. Once the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Underlying Fund's ability to invest in China A shares through the Stock Connect on a timely basis, and the Underlying Fund may not be able to effectively pursue its investment strategy.

<u>Legal / Beneficial Ownership</u>

The SSE and SZSE shares in respect of the Funds are held by the Depositary/ sub-custodian in accounts in the CCASS maintained by the HKSCC as central securities depositary in Hong Kong. HKSCC in turn holds the SSE and SZSE shares, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for each of the Stock Connects. The precise nature and rights of the Funds as the beneficial owners of the SSE and SZSE shares through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore, the exact nature and methods of enforcement of the rights and interests of the Funds under PRC law is uncertain. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it is not clear if the SSE and SZSE shares will be regarded as held for the beneficial ownership of the Funds or as part of the general assets of HKSCC available for general distribution to its creditors.

Clearing and Settlement Risk

HKSCC and ChinaClear have established the clearing links and each has become a participant of the other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote. In the remote event of a ChinaClear default, HKSCC's liabilities in SSE and SZSE Securities under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Underlying Fund may suffer delay in the recovery process or may not fully recover its losses from ChinaClear.

Suspension Risk

Each of the SEHK, SSE and SZSE reserves the right to suspend trading if necessary, for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is affected, the Underlying Fund's ability to access the PRC market will be adversely affected.

Differences in Trading Day

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

Restrictions on Selling Imposed by Front-end Monitoring

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise, the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e., the stockbrokers) to ensure there is no over-selling. If the Underlying Fund intends to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its broker(s) before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the Underlying Fund may not be able to dispose of its holdings of China A-Shares in a timely manner.

Operational Risk

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. The securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The Underlying Fund's ability to access the China A-Shares market (and hence to pursue its investment strategy) may be adversely affected.

Regulatory Risk

The current regulations relating to Stock Connect are relatively new and subject to continuous evolvement. In addition, the current regulations are subject to change which may have potential retrospective effects and there can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators / stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. The Underlying Fund may be adversely affected as a result of such changes.

Recalling of Eligible Stocks

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Underlying Fund, for example, if the Investment Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

Risks associated with the ChiNext Market

The Underlying Fund may invest in the ChiNext Board of the SZSE ("ChiNext Board"). Investments in the ChiNext Board may result in significant losses for the Underlying Fund and its investors. The following additional risks apply:

Higher Fluctuation on Stock Prices

Listed companies on the ChiNext Board are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE ("Main Board").

Over-Valuation Risk

Stocks listed on the ChiNext Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

Differences in Regulations

The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those in the Main Board.

Delisting Risk

It may be more common and faster for companies listed on the ChiNext Board to delist. This may have an adverse impact on the Underlying Fund if the companies that it invests in are delisted.

Risk associated with Small-Capitalisation / Mid-Capitalisation Companies

The stocks of small-capitalisation / mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

Taxation Risk

Investments via the Stock Connect are subject to PRC's tax regime. The PRC State Administration of Taxation has reaffirmed the application of normal Chinese stamp duty and a 10% dividend withholding tax, while the value-added tax and income tax on capital gains are temporarily exempted for an unspecified period. The tax regime may change from time to time and the Underlying Fund is, thus, subject to such uncertainties in their PRC tax liabilities.

RMB Currency Risk in relation to Stock Connect

China A-Shares are priced in RMB and the Underlying Fund will need to use RMB to trade and settle SSE/SZSE Securities. There may be associated trading costs involved in dealing with SSE/SZSE Securities. Mainland Chinese government controls future movements in exchange rates and currency conversion. The exchange rate floats against a basket of foreign currencies; therefore, such exchange rate could fluctuate widely against the USD, HKD or other foreign currencies in the future. In particular, any depreciation of RMB will decrease the value of any dividends and other proceeds an investor may receive from its investments. Further, investors should note that CNY may trade at a different rate compared to CNH. The Underlying Fund's investments may be exposed to both the CNY and the CNH, and the Underlying Fund may consequently be exposed to greater exchange risks and/or higher costs of investment. The PRC government's policies on exchange control are subject to change, and the Underlying Fund may be adversely affected.

The Underlying Fund may invest into the Bond Markets of the PRC the following risks apply additionally:

Bond Connect

Bond Connect is an initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit. Bond Connect is governed by rules and regulations as promulgated by the Mainland Chinese authorities. Such rules and regulations may be amended from time to time and include (but are not limited to):

(i) the "Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and Hong Kong (Decree No.1 [2017])" issued by the People's Bank of China ("PBOC") on 21 June 2017,

(ii) the "Guide on Registration of Overseas Investors for Northbound Trading in Bond Connect" issued by the Shanghai Head Office of PBOC on 22 June 2017; and

(iii) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the China Interbank Bond Market through the northbound trading of Bond Connect ("Northbound Trading Link"). There will be no investment quota for Northbound Trading Link. Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC. Pursuant to the prevailing regulations in Mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Central Depository & Clearing Co., Ltd and/or the Shanghai Clearing House). All debt securities traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such debt securities as a nominee owner.

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China Interbank Bond Market may result in prices of certain debt securities traded on such market fluctuating significantly. The Underlying Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Underlying Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments. To the extent that the Underlying Fund transacts in the China Interbank Bond Market, the Underlying Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Underlying Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value. For investments via Bond Connect, the relevant filings, registration with PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Underlying Fund is subject to the risks of default or errors on the part of such third parties. Investing in the China Interbank Bond Market via Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the China Interbank Bond Market, the Underlying Fund's ability to invest in the China Interbank Bond Market will be adversely affected. In such event, the Underlying Fund's ability to achieve its investment objective will be negatively affected.

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. The Underlying Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, the Underlying Fund may invests in the China Interbank Bond Market through Bond Connect, such the Underlying Fund may be subject to risks of delays inherent in the order placing and/or settlement systems.

China Interbank Bond Market

Overview

Participation in CIBM by foreign institutional investors (where such is mentioned in the investment restrictions of the Underlying Fund) via a foreign access regime (e.g. FII program, CIBM Initiative and/or Bond Connect) is governed by rules and regulations as promulgated by the Mainland Chinese authorities, i.e., the PBOC and the State Administration of Foreign Exchange ("SAFE"). Such rules and regulations may be amended from time to time and include (but are not limited to):

(i) the "Announcement (2016) No 3" issued by the PBOC on 17 February 2016;

(ii) the "Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets" issued by the Shanghai Head Office of PBOC on 27 May 2016;

(iii) the "Circular concerning the Foreign Institutional Investors' Investment in Interbank bond market in relation to foreign currency control" issued by SAFE on 27 May 2016; and

(iv) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in the PRC, foreign institutional investors who wish to invest directly in CIBM via CIBM Initiative may do so via an onshore settlement agent, who will be responsible for making the relevant filings and account opening with the relevant authorities. There is no quota limitation.

In terms of fund remittance and repatriation, foreign investors (such as the Umbrella Fund) may remit investment principal in RMB or foreign currency into the PRC for investing in the CIBM. An investor needs to file relevant information about its investments with the Shanghai Head Office of PBOC through the onshore settlement agent and an updated filing may be required if there is any significant change to the filed information. Where the Umbrella Fund repatriates funds out of the PRC, the ratio of RMB to foreign currency ("Currency Ratio") should generally match the original Currency Ratio when the investment principal was remitted into the PRC, with a maximum permissible deviation of 10%.

Taxation Risk

According to Circular 108, the foreign institutional investors are temporarily exempt from PRC CIT and VAT with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. However, there is no guarantee that such temporary tax exemption will continue to apply, will not be repealed and re-imposed retrospective, or that no new tax regulations and practice in China specifically relating to the PRC bond market will not be promulgated in the future.

Risks Associated with China Interbank Bond Market

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. Tthe Underlying Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Underlying Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments. To the extent that the Underlying Fund transacts in the CIBM, the Underlying Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Underlying Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value. Since the relevant filings and account opening for investment in the CIBM via CIBM Initiative have to be carried out via the onshore settlement agent, the Underlying Fund is subject to the risks of default or errors on the part of the onshore settlement agent. Investing in the CIBM via a foreign access regime (e.g. FII program, CIBM Initiative and/or Bond Connect) is also subject to regulatory risks. The relevant rules and regulations on investment in the CIBM is subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the CIBM, the Underlying Fund's ability to invest in the CIBM will be limited and, after exhausting other trading alternatives, the Underlying Fund may suffer substantial losses as a result.

Credit Rating Agency Risk

The credit appraisal system in the PRC and the rating methodologies employed in the PRC may be different from those employed in other markets. Credit ratings given by PRC rating agencies may therefore not be directly comparable with those given by other international rating agencies.

RMB Debt Securities Risk

Investors should be aware that the availability of RMB-denominated Debt Securities issued or distributed outside PRC is currently limited and therefore is more susceptible to volatility and illiquidity. The operation of the RMB-denominated Debt Securities market as well as new issuances could be disrupted, causing a fall in the NAV of the Underlying Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalization of the CNH market by the relevant regulators. If there are insufficient RMB-denominated Debt Securities for the Underlying Fund to invest in, the Underlying Fund may hold a significant portion of assets in RMB deposit accounts and/or RMB-denominated certificates of deposit issued by financial institutions. These circumstances may have an adverse impact on the performance of the Underlying Fund. For RMB-denominated Debt Securities issued, listed or traded outside PRC (e.g. on the Central Moneymarkets Unit in Hong Kong), market depth may be limited, potentially resulting in reduced liquidity or even partial illiquidity of such securities. The Underlying Fund may suffer loss in trading such securities, in particular in circumstances where the Underlying Fund may have to liquidate such investments at a discount in order to meet redemption requests. The Underlying Fund may not be able to sell the securities at the time desired. In addition, the bid and offer spread of the price of RMB-denominated Debt Securities may be large. Therefore, the Underlying Fund may incur significant trading and realisation costs and may suffer significant losses when selling such investments. Investments in RMB-denominated Debt Securities are also subject to the general risks of investing in bonds, including, but not limited to interest-rate risks, creditworthiness risk, company specific risk, general market risk, risk of default and counterparty risk. RMB-denominated Debt Securities are typically unsecured debt obligations and are not supported by any collateral. Investments in such securities will expose the Underlying Fund to the credit/insolvency risk of its counterparties as an unsecured creditor. RMB-denominated Debt Securities may be unrated. In general, debt instruments that have a lower credit rating or that are unrated may be more susceptible to the credit risk of the issuer. Investments in Debt Securities issued by companies or bodies established within PRC may be affected by PRC tax policies. Current tax laws and regulations may also be amended or revised at any point in time and without prior notice to investors. Such amendments and revisions may also take effect on a retrospective basis, with a potentially adverse impact on such investments. The Underlying Fund may invests in the onshore Debt Securities which may be traded on the Shanghai or Shenzhen Stock Exchange or on the interbank bond markets. Investors should note that the securities markets in PRC generally and the onshore bond markets in particular are both at a developing stage and the market capitalisation and trading volume may be lower than those in more developed financial markets. Market volatility and potential lack of liquidity due to low trading volumes in PRC's debt markets may result in prices of securities traded on such markets fluctuating significantly and may result in substantial volatility in the Net Asset Value of the Underlying Fund. The bid and offer spreads of the prices of the Mainland Chinese Debt Securities may be large, so significant trading and realization costs may be incurred. The national regulatory and legal framework for capital markets and debt instruments in PRC are still developing when compared with those of developed countries. Currently, PRC entities are undergoing reform with the intention of increasing liquidity of debt instruments. However, the effects of any development or reform on the PRC debt markets remain to be seen. The PRC bond markets are also subject to regulatory risks. Debt Securities may only be bought from, or sold to, the Underlying Fund from time to time where the relevant Debt Securities may be sold or purchased on the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the CIBM, as appropriate. Given that the bond markets are considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the subscription and redemption of the Underlying Fund's units may also be disrupted.

Appendix 2 - Collateral Management Policy of the Underlying Fund

When entering into OTC derivatives transactions or efficient portfolio management techniques (including but not limited to securities lending and (reverse) repurchase agreement transactions) the Umbrella Fund will observe the criteria laid down below in accordance with Circular 14/592 dated 30 September 2014 when using collateral to mitigate counterparty risk. As long as collateralization of OTC derivatives transactions is not legally binding the level of collateral required is in the discretion of the portfolio manager of each Sub Fund.

The risk exposure to a counterparty arising from OTC derivatives and efficient portfolio management techniques should be combined when calculating the counterparty risk limits of 3 a) to d).

All assets received by the Underlying Fund in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria laid down below:

a) Liquidity: any collateral other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral received should also comply with the provisions set out in 3. l). If the market value of the collateral exceeds or fall short of the contractually agreed threshold, the collateral will be adjusted on a daily basis as to maintain the agreed threshold. This monitoring process is on a daily basis.

b) Valuation: collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.

c) Issuer credit quality: collateral should be of high quality.

d) Duration: Debt Securities received as collateral should have a maturity equivalent to the maturity of the Debt Securities which may be acquired for the Underlying Fund according to its investment restrictions.

e) Correlation: collateral received must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.

f) Collateral diversification (asset concentration): collateral must be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Underlying Fund receives from a counterparty of efficient portfolio management and OTC derivatives a basket of collateral with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When a Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, the Underlying Fund may be fully collateralized in different transferable securities and money market instruments issued or guaranteed by an EU Member State, one or more of its local authorities, a third country, or a public international body to which one or more EU Member States belong. The Underlying Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Underlying Fund's Net Asset Value. The Underlying Fund's individual Investment Restrictions will mention whether the Underlying Fund intends to be fully collateralized in securities issued or guaranteed by an EU Member State.

g) Enforceable: collateral received should be capable of being fully enforced by the Underlying Fund at any time without reference to or approval from the counterparty.

h) Non-cash collateral cannot be sold, pledged or re-invested.

i) Cash collateral received should only be
– held in accordance with Deposits with a credit institution which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by

the CSSF as equivalent to those laid down in EU law. The deposits may in principle be denominated in all currencies permitted by the investment policy of the Underlying Fund; or

– invested in high-quality government bonds; or

– may be used for the purpose of reverse repo transactions provided that transactions are with credit institutions subject to prudential supervision and the Underlying Fund is able to recall at any time the full amount of cash on accrued basis; or

– short term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral. Re-investment of cash collateral does not release the Underlying Fund from repayment of full cash collateral received, i.e. potential losses incurring from the re-investment have to be borne by the Underlying Fund.

Risks linked to the management of collateral, such as loss in value or illiquidity of received collateral operational and legal risks, should be identified, managed and mitigated by the risk management process. The re-investment of cash collateral exposes to the Underlying Fund to a potential loss of the re-invested assets whereas the full nominal amount (plus interest if applicable) has to be repaid to the counterparty.

Where there is a title transfer, the collateral received should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

If the Underlying Fund receives collateral for at least 30% of its Net Asset Value an appropriate stress testing policy will be applied to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Underlying Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:

a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;

b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;

c) reporting frequency and limit/loss tolerance threshold(s); and

d) mitigation actions to reduce loss including haircut policy and gap risk protection.

The Umbrella Fund has a clear haircut policy adapted for each class of assets received as collateral. The haircut is a percentage by which the market value of the collateral will be reduced. The Umbrella Fund typically deducts the haircuts from the market value in order to protect against credit, interest rate, foreign exchange and liquidity risk during the period between collateral calls. The haircut generally is contingent on factors such as price volatility of the relevant asset class, the prospective time to liquidate the asset, the maturity of the asset, and the creditworthiness of the issuer. The following minimum haircut levels are applied for the respective each asset class:

Cash (no haircut); Debt Securities issued by governments, central bank and/or supranationals with Investment Grade rating (minimum haircut of 0.5% of the market value); other Debt Securities issued by corporates with Investment Grade rating (minimum haircut of 2% of the market value); Debt Securities as High Yield Investment Type 2 (minimum haircut of 10% of the market value); Equities (minimum haircut of 6% of the market value).

A more volatile (whether because of longer duration or other factors), less liquid asset typically carries a higher haircut. Haircuts are defined with the approval of the risk management function and may be subject to changes depending on changing market conditions. Haircuts may differ depending on the underlying transaction type, e.g. haircuts applied for OTC derivatives may differ from haircuts applied for securities lending transactions. Generally, Equities will only be accepted as collateral if they are included in major stock indices. Additional (additive) haircuts apply for Debt Securities with a remaining maturity of more than ten years. Additional (additive) haircuts apply for cash or securities received as collateral in which their currency differ from the base currency of the Underlying Fund.

GLOSSARY OF TERMS

"Article 31 of the Law"	means Article 31 of the Part I of the Luxembourg Law of 17 December 2010 on undertakings for collective investment
"Authority"	means the Monetary Authority of Singapore.
"Business Day"	means any day other than Saturday or Sunday on which commercial banks in Singapore are generally open for business, or where the context expressly requires, any day other than Saturday or Sunday on which commercial banks in Singapore or elsewhere are generally open for business, or any other day as the Manager and the Trustee (where applicable) may agree in writing.
"Base Currency"	means the currency in which the net asset value of the PRULink Fund(s) is calculated.
"Reference Currency"	means the currency in which the unit price of the PRULink Fund(s) is calculated.
"Custodian (of the PRULink US Dividend Wealth Fund)"	means Citibank N.A.
"CSSF"	means Commission de Surveillance du Secteur Financier
"CCASS"	means Hong Kong Central Clearing and Settlement System
"Depositary"	means State Street Bank International GmbH, Luxembourg Branch
"FII"	means Foreign Institutional Investor
"HKSCC"	means Hong Kong Securities Clearing Company Limited
"NAV"	means Net Asset Value.
"PRC"	means the People's Republic of China
"PRULink Fund"	means any one of the PRULink Funds that is available to Prudential Singapore policyholders.
"PRULink Funds"	means the whole range of investment-linked funds that are available to Prudential Singapore policyholders.
"RMB"	means Chinese Renminbi, the official currency of the PRC
"SEHK"	means Stock Exchange of Hong Kong Limited
"SRS"	means the scheme referred to by the Ministry of Finance as the Supplementary Retirement Scheme or such other scheme as shall replace or supersede the Supplementary Retirement Scheme from time to time.
"UCITS"	means the Undertakings for the Collective Investment in Transferable Securities
"Underlying Fund's Prospectus"	means the Singapore prospectus of Allianz Income and Growth Fund

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