PRUDENTIAL

PRULink Fund Information Booklet

May 2024

PRULink Asian Multi-Asset Income Fund

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 units 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 summarised in Section 5 of this Fund Information Booklet.

This Fund Information Booklet does not represent a contract.

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1. 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**").

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

2.1 The Manager and the Investment Manager

The Manager of the Fund is Fullerton Fund Management Company Ltd (the "**Manager**"), whose registered office is at 3 Fraser Street #09-28, DUO Tower, Singapore 189352.

Fullerton Fund Management ("Fullerton") is also the investment manager (the "**Investment Manager**") of the underlying fund, Fullerton Asia Income Return Fund (the "**Underlying Fund**"), and the underlying entities (each an "**Underlying Entity**" and collectively, the "**Underlying Entities**") in the table below:

Fund	Underlying Fund	Underlying Entities
PRULink Asian Multi-Asset Income Fund	Fullerton Asia Income Return	Fullerton Lux Funds – Asia Focus Equities ("LHCAE") Fullerton Lux Funds – Asia Absolute Alpha ("LAAA") Fullerton Lux Funds – Asian Bonds ("LABF") Fullerton SGD Cash Fund ("FSCF")

The Manager and the Investment Manager are an active investment specialist, focused on optimising investment outcomes and enhancing investor experience. The Manager helps clients, including government entities, sovereign wealth funds, pension plans, insurance companies, private wealth and retail, from the region and beyond, to achieve their investment objectives through our suite of solutions. The Manager's expertise encompasses equities, fixed income, multi-asset, alternatives and treasury management, across public and private markets. As an active manager, the Manager places strong emphasis on performance, risk management and investment insights. Incorporated in 2003, the Manager is headquartered in Singapore, and have associated offices in Shanghai, Jakarta, Brunei and London. The Manager is part of Seviora, an independent asset management group, owned by Temasek Holdings ("Temasek"). Income Insurance Limited, a leading Singapore insurer, is a minority shareholder. Fullerton is licensed under the Securities and Futures Act and regulated by the Monetary Authority of Singapore. As of 31 December 2023, the Manager's assets under management was S$50.0 bn.

Source: Fullerton Fund Management Company Ltd as at 31 December 2023

2.2 Management Company of the Fullerton Lux Funds

Lemanik Asset Management S.A. (the "Management Company") has been appointed as the management company of Fullerton Lux Funds to perform asset management, administration and marketing functions. The Management Company was incorporated in Luxembourg in 1993 and is regulated by the Commission de Surveillance du Secteur Financier ("CSSF"). The Management Company has been managing collective investment schemes or discretionary funds since 2006. The Management Company has fully delegated the investment management functions to the Manager and have appointed the Manager as the investment manager of the Fullerton Lux Sub-Funds.

Fullerton Lux Funds is an open-ended investment company organised as a société anonyme under the laws of the Grand Duchy of Luxembourg and qualifies as a société d'investissement à capital variable ("SICAV") under Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time (the "2010 Law").

Source: Fullerton Fund Management Company Ltd as at 31 December 2023

Past performance of the Manager, the Investment Manager and the Management Company is not necessarily indicative of their future performance.

3. The Auditor

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

4. Sructure, Investment Objective, Focus and Approach

4.1 Structure

PRULink Asian Multi-Asset Income Fund is a single fund and is classified as a Specified Investment Product. The Fund was launched on 19 January 2021 and it feeds into the Fullerton Asia Income Return, which is domiciled in Singapore.

PRULink Asian Multi-Asset Income Fund has a higher risk and narrowly focused – regional – Asia risk classification.

The Fund offers three Classes of units, namely Accumulation Class, Distribution Class and Decumulation Class. There are no material differences between the Accumulation Class and the Distribution Class except that the Accumulation Class will not declare any dividends while in respect of the Distribution Class, the Manager and/or Prudential Singapore may at its sole absolute discretion declare and pay out dividends on a quarter basis.

In respect of the Decumulation Class, the Manager and/or Prudential Singapore may at its sole absolute discretion declare and pay out dividends on a quarter basis. It is a de-cumulating class where the distribution rate may result in a substantial amount of the initial capital being returned to investors. In other words, a higher likelihood that your initial investment will be drawn down over the long term. This may, over time, cause the Net Asset Value of this class to drop below the minimum class size. In such a scenario, the Manager and/or Prudential Singapore have the absolute discretion to terminate the class.

Please refer to Section 8 "Distribution Policy" for more details. The offer and bid prices for the three Classes may differ as a result of the dividends declared and paid out by the Distribution Class and the Decumulation Class.

The Fund is actively managed on a total return basis without reference to a benchmark. Due to the investment strategy of this Fund, there is no reference benchmark against which the performance of the Fund may be accurately measured.

4.2 Investment Objective

The investment objective of the Fund is to generate regular income and long-term capital appreciation for investors by investing in equities, fixed income, cash and other permissible investments.

The Manager intends to achieve this investment objective by investing the assets of the PRULink Asian Multi-Asset Income Fund into Fullerton Asia Income Return which shares the same investment objective.

4.3 Investment Focus and Approach

The Fund feeds into the Underlying Fund.

The Underlying Fund may invest in collective investment schemes and other investment funds (including exchange traded funds (“ETFs”)), securities and/or hold cash, in accordance with its investment objective and asset allocation strategy, as we deem appropriate.

The Underlying Fund may use financial derivative instruments (“FDIs”) (including, without limitation, treasury, bond or equities futures, interest rate swaps and foreign exchange forwards) for hedging, efficient portfolio management, optimising returns or a combination of all three objectives.

The Underlying Fund may also invest in other Authorised Investments.

The Underlying Fund may invest up to 30% or more of its Net Asset Value into any of the underlying entities set out below (each an “Underlying Entity” and collectively, the “Underlying Entities”) or in any other collective investment scheme as notified by us from time to time. The specific percentage investment into each Underlying Entity may vary from time to time at our sole discretion.

S/N	Underlying Entities
1	Fullerton Lux Funds – Asia Focus Equities (“LHCAE”)
2	Fullerton Lux Funds – Asia Absolute Alpha (“LAAA”)
3	Fullerton Lux Funds – Asian Bonds (“LABF”)
4	Fullerton SGD Cash Fund (“FSCF”)

Please note that the Investment Manager may, from time to time, reallocate less than 30% of the NAV of the Underlying Fund and/or make no investment into any of the Underlying Entities. The Underlying Fund may also invest less than 30% of its NAV into any other collective investment schemes not listed above (including any Underlying Entities that have been (or may in the future be) removed from the descriptions above). The Underlying Fund may invest up to 30% or more of its NAV into any other collective investment schemes, as notified by us from time to time. The Investment Manager may, at all times, make direct investments in accordance with the investment objective, focus and approach of the Underlying Fund.

Save for FSCF, the Underlying Entities are sub-funds of the umbrella fund, Fullerton Lux Funds, and are each referred to as the "Fullerton Lux Sub-Fund" and collectively, the "Fullerton Lux Sub-Funds".

FSCF is a sub-fund of the Fullerton Fund and its details are set in Appendix 2.

The investment objectives, policies and approach of the Underlying Entities - Fullerton Lux Sub-Funds are as follows:

Fullerton Lux Sub-Funds	Investment Objective and Policies
LHCAE	The investment objective of LHCAE is to achieve competitive risk adjusted returns on a relative basis. The Investment Manager of LHCAE seeks to achieve the objective of LHCAE by investing primarily in equities, index futures, cash and cash equivalents. Typically, LHCAE will concentrate the investments in a limited number of holdings. The investment universe of LHCAE will include equities listed on exchanges in Asia, as well as equities of companies or institutions which have operations in, exposure to, or derive part of their revenue from Asia, wherever they may be listed. LHCAE may also make indirect investments in equities via participatory notes (where the underlying assets would comprise equities defined above). LHCAE's investment in China "A" Shares listed on PRC Stock Exchanges may be made through the Stock Connects and/or any other means as may be permitted by the relevant regulations from time to time, for up to 35% of LHCAE's net asset value. The Asian countries in which LHCAE may invest excludes Australia, Japan and New Zealand. LHCAE may invest in money market instruments, money market funds, term deposits, bank deposits and other eligible liquid assets for treasury purposes and in case of unfavourable market conditions. LHCAE may hold up to 20% of its net asset value in ancillary liquid assets (bank deposits at sight, such as cash held in current accounts). Under exceptionally unfavourable market conditions and if justified in the interest of the investors, LHCAE may temporarily invest up to 100% of LHCAE's net asset value in assets referred in these two last paragraphs of this section.

LAAA	The investment objective of LAAA is to generate long term positive return, which includes both capital appreciation and income. The Investment Manager of LAAA seeks to achieve the objective of LAAA by investing primarily in, but not limited to, equities, stock warrants, index futures, cash and cash equivalents. The investment universe of LAAA will include, but not limited to, equities and equities-related securities listed on exchanges in the Asia Pacific region, as well as equities and equities-related securities of companies which have operations in, exposure to, or derive part of their revenue from the Asia Pacific region, wherever they may be listed. The Investment Manager may also make indirect investments in equities via participatory notes and other eligible access products (where the underlying assets would comprise equities defined above). LAAA's investment in China "A" Shares listed on PRC Stock Exchanges may be made through the Stock Connects and/or any other means as may be permitted by the relevant regulations from time to time, for up to 35% of LAAA's net asset value. LAAA will typically be comprised of a concentrated portfolio of a relatively small number of high conviction holdings, and will continue to be constructed without reference to any particular benchmark. Financial derivative instruments (FDIs) and cash may be used to actively manage LAAA's market exposure with a view to protect LAAA from a permanent loss of capital. The Asia Pacific countries in which LAAA may invest excludes Japan. LAAA may invest in money market instruments, money market funds, term deposits, bank deposits and other eligible liquid assets for treasury purposes and in case of unfavourable market conditions. LAAA may hold up to 20% of its net asset value in ancillary liquid assets (bank deposits at sight, such as cash held in current accounts). Under exceptionally unfavourable market conditions and if justified in the interest of the investors, LAAA may temporarily invest up to 100% of LAAA's net asset value in assets referred in these two last paragraphs of this section.

LABF	The investment objective of LABF is to generate long-term capital appreciation for investors. The Investment Manager of LABF seeks to achieve the objective of LABF by investing in fixed income or debt securities denominated primarily in USD and Asian currencies, issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region. The Asian countries include but are not limited to China (including Hong Kong SAR and Taiwan), South Korea, India, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Pakistan and Vietnam. LABF may also invest up to 20% of the Fund's Net Asset Value in perpetual bonds (including contingent convertible securities). LABF may invest in money market instruments, money market funds, term deposits, bank deposits and other eligible liquid assets for treasury purposes and in case of unfavourable market conditions. LABF may hold up to 20% of its Net Asset Value in ancillary liquid assets (bank deposits at sight, such as cash held in current accounts). Under exceptionally unfavourable market conditions and if justified in the interest of the investors, LABF may temporarily invest up to 100% of LABF's Net Asset Value in assets referred in these two last paragraphs of this section..

The Investment Manager of the Fullerton Lux Sub-Funds seeks to achieve the investment objective of LHCAE and LAAA by mainly adding value through stock selection. The Investment Manager intends to adopt a bottom-up approach to portfolio construction. The Investment Manager may make indirect investments in equities via participatory notes for certain countries (including but not limited to China, India and Vietnam).

The Investment Manager seeks to achieve the investment objective of LABF by using a combination of top-down macroeconomic research for effective duration or interest rate management, country and sector allocation, alongside bottom-up analysis for credit selection and yield curve positioning. Additionally, the Investment Manager's approach incorporates currency flexibility to enhance the overall strategy, complementing both duration and credit management efforts. The Investment Manager believes that this combined top-down, and bottom-up investment approach provides the best opportunities for achieving superior risk-adjusted returns over the long term.

Source: Fullerton Fund Management Company Ltd

Note: Any past performance of the Manager and Investment Manager is not necessarily indicative of the future performance of the Manager and Investment Manager.

4.4 Product Suitability

The Fund is only suitable for investors who:

- seek long-term capital appreciation and regular income; and
- are comfortable with the greater volatility and risks of a fund exposed to fixed income or debt securities denominated in US$ and Asian currencies (which may include non-investment grade securities) and to Asian equities with high dividend yields primarily via collective investment schemes and other investment funds (including ETFs), and emerging markets.

4.5 Use of Financial Derivative Instruments

The Underlying Fund may employ FDIs for hedging, efficient portfolio management purposes (namely, managing risks), optimising returns or a combination of all three objectives.

The Investment Manager presently do not intend to use FDIs for FSCF.

LHCAE and LAAA may employ FDIs for hedging and efficient portfolio management purposes. Such FDIs may include, but are not limited to, over-the-counter ("OTC") and/or exchange traded options, swaps (including credit default swaps), futures, warrants, currency forwards, contracts for difference or structured notes.

LABF may employ FDIs for hedging, efficient portfolio management and investment purposes. FDIs may be employed for instance to generate additional income from exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the fund's duration through the tactical use of interest related financial derivative instruments, generating additional income through inflation or volatility linked financial derivative instruments or increasing its currency exposure through the use of currency related financial derivative instruments. Financial derivative instruments could also be employed to create synthetic instruments. Such financial derivative instruments may include, but are not limited to, over-the-counter and/or exchange traded options, futures, warrants, swaps, forward contracts, index-linked notes and/or a combination of the above.

The global exposures of the Fullerton Lux Sub-Funds are calculated using the commitment approach, as detailed in laws and regulations applicable to them.

The use of FDIs may lead to a higher volatility in the price of units of the Fullerton Lux Sub-Funds and may increase the counterparty risk of the Fullerton Lux Sub-Funds.

4.6 Risk Management Process

4.6.1 The Manager/Investment Management will calculate the global exposure of the Underlying Fund in accordance with the Code, as the sum of:

(i) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;

(ii) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and

(iii) the sum of the values of cash collateral received pursuant to:

- the reduction of exposure to counterparties of OTC financial derivatives; and
- efficient portfolio management techniques relating to securities lending and repurchase transactions, and that are reinvested.

4.6.2 The Manager/Investment Manager believe that risk management and performance analysis are integral to the investment process. The Manager/Investment Manager will employ a risk management process which enables us to monitor and measure at appropriate time intervals, the risk of the positions and their contribution to the overall risk profile of the Underlying Fund. The Manager/Investment Manager will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instrument.

4.6.3 The Manager/Investment Manager have dedicated risk and compliance teams which independently monitor the portfolio's risks through various tools as certain changes in the market environment may affect their value and importance. Portfolio risks are controlled to ensure that the relationship between risk and return is in line with the Underlying Fund's investment objective and strategy.

5. Risks

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

5.1 General Risk

5.1.1 Investor should consider the risks of investing in the Fund, including market risk, currency risk, credit risk, interest rate risk and liquidity risk. The risks described below are not exhaustive and there may be additional risks we presently do not know or are currently considered immaterial.

5.1.2 An investment in a Fund is meant to produce returns by capital appreciation over the medium-term to long-term. You should not expect short-term gains.

5.1.3 The value of Units and the income accruing to them may fall or rise. Investor may not get back the original investment.

5.1.4 The Fund are not listed and there is no secondary market for the Units. Investor may realise the Units on Dealing Days only.

5.1.5 Investment may be adversely affected by political instability, exchange controls, changes in taxation, foreign investment policies and other restrictions and controls which may be imposed by the authorities in the relevant countries. The value of the underlying assets of the Fund may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made. Further, the legal infrastructure and accounting, auditing and reporting standards in certain countries may not provide the same degree of investor protection or disclosure as would generally apply in major securities markets.

5.1.6 Credit ratings represent the rating agencies' and/or our opinions regarding the credit quality of the institutions or the instruments invested into by the Underlying Fund. They are not a guarantee of quality. Rating methodologies generally rely on historical data, which may not predict future trends. It may take time for credit ratings to be adjusted in response to change of circumstances. Where the Investment Manager relies on ratings issued by credit rating agencies, the Investment Manager has established a set of internal credit assessment standards and have put in place a credit assessment process to ensure that the Underlying Fund's investments are in line with these standards. Information on our credit assessment process will be made available to investors upon request and subject to such conditions as the Investment Manager may impose.

5.1.7 The Manager/Investment Manager may rely, without independent investigation, upon pricing information and valuations furnished by third parties, including pricing services and independent brokers/dealers. Their accuracy depends on these parties' methodologies, due diligence and timely response to changing conditions, and the Manager/Investment Manager have no control over or responsibility for failures in such valuations.

5.1.8 Under certain market conditions, it may be difficult or impossible to liquidate or rebalance positions. For example, this may occur during volatile markets or crisis situations or where trading under the rules of the relevant stock exchange is suspended, restricted or otherwise impaired. During such times, the Underlying Funds may be unable to dispose of certain assets due to thin trading or lack of a market or buyers. Placing a stop-loss order may not necessarily limit a Underlying Fund's losses to intended amounts, as market conditions may make it impossible to execute such an order at the ideal price. In addition, such circumstances may force a Underlying Fund to dispose of assets at reduced prices, thereby adversely affecting that Underlying Fund's performance. Further, such investments may be difficult to value with any degree of accuracy or certainty. The dumping of securities in the market could further deflate prices. If the Underlying Fund incurs substantial trading losses, the need for liquidity could rise sharply at the same time that access to liquidity is impaired. Further, in a market downturn, the Underlying Fund's counterparties' financial conditions could be weakened, thereby increasing the Underlying Fund's credit risk exposure to them.

5.1.9 The assets and liabilities of each Underlying Fund will be tracked, for book keeping purposes, separately from the assets and liabilities of any other Underlying Fund, and the Deed provides that the assets of each Underlying Fund should be segregated from each other Underlying Fund. Generally, under Singapore law, the assets of the Underlying Fund should not be available to meet the liabilities of another Underlying Fund. However, as the Underlying Funds may operate and have assets held or be subject to claims in other jurisdictions, which may not recognise such segregation. In such circumstances, the assets of the Underlying Fund may be used to satisfy the liabilities of any other Underlying Fund. There is no guarantee that the courts of any jurisdiction outside of Singapore will respect the limitations on liability and that the assets of any particular Underlying Fund will not be used to satisfy the liabilities of any other Underlying Fund.

5.1.10 The Manager/Investment Manager conducts transactions through or with brokers, clearing houses, market counterparties and other agents. The assets of the Underlying Funds are held by the Custodian and/or the sub-custodians appointed in various jurisdictions. The Underlying Funds will be subject to the risk of the inability of any such counterparty or custodian to perform its obligations, whether due to insolvency, bankruptcy or other causes. The Underlying Fund may invest in instruments such as notes, bonds or warrants the performance of which is linked to a market or investment. Such instruments are issued by a range of counterparties and through its investment, the Underlying Fund will be exposed to the counterparty (or credit) risk of the issuer, in addition to the investment exposure it seeks.

5.1.11 The Fund/Underlying Fund may make distributions to Holders out of its income and/or (if income is insufficient) out of its capital. Any distributions made (whether out of income and/or capital) may cause the Net Asset Value of the Fund/Underlying Fund to fall. Further, distributions out of the capital may amount to a partial return of your original investment and may result in reduced future returns for you. Please note that if distributions are made, such distributions are not a forecast, indication or projection of the future performance of the Fund/Underlying Fund. Distributions are at our discretion and are not guaranteed, and the making of any distribution does not imply that further distributions will be made and we reserve the right to vary the frequency and/or amount of distributions (if at all).

5.1.12 In respect to the Decumulation Class, it is a de-cumulating class where the distribution rate may result in a substantial amount of the initial capital being returned to investors. In other words, a higher likelihood that your initial investment will be drawn down over the long term. This may, over time, cause the NAV of this class to drop below the minimum class size. In such a scenario, the Manager and/or Prudential Singapore have the absolute discretion to terminate the class.

5.2 Specific risks associated with investments in the Underlying Fund

The risk set out below are in addition to the general risk factors described in Section 5.1. Investors should carefully consider the following:

5.2.1 Currency Risk

The base currency of the Underlying Fund and the Underlying Entities – Fullerton Lux Sub-Funds is US Dollar.

Where the underlying investments of the Underlying Fund are not denominated in US Dollars, an appreciation of the US Dollar against the currencies of other countries adversely affects the returns from investments in those countries when converted back into US Dollars. Conversely, a depreciation of the US Dollar against other currencies adds to the returns from investments in those countries when converted back into US Dollars.

The Manager/Investment Manager may manage the currency risk of the Underlying Fund by hedging through forward currency contracts, currency futures, currency swap agreements or currency options. However, the foreign currency exposure of the Underlying Fund may not be fully hedged. The currency hedging transactions (if any) may reduce the Underlying Fund's currency exposure but will not eliminate the risk of loss due to unfavourable currency fluctuations and they may limit any potential gain that might result from favourable currency fluctuations.

The risk of additional loss (or the prospect of additional gain) arising from exchange rate fluctuations also arises where the currency of a Class of Units varies from your home currency.

5.2.2 Equities Risk

Historically, equities have greater volatility than fixed income securities. The Underlying Fund’s valuation may fluctuate more strongly than funds exposed to fixed income securities only.

5.2.3 Interest Rate Risk

The values of bonds and other debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the values of existing debt instruments, and rising interest rates generally reduce the value of existing debt instruments. Interest rate risk is generally greater for investments with long durations or maturities. Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, reinvestment of the proceeds may have to be made in an investment offering a lower yield, and therefore reduce or cancel the benefit from any increase in value in the instrument.

5.2.4 Credit Risk

Investments in debt securities or fixed income collective investment schemes are subject to credit risk where some issuers may be unable to meet their financial obligations, such as payment of principal and/or interest on an instrument. In addition, an issuer may suffer adverse changes in its financial condition that could lower the credit quality of a security, leading to greater volatility in the price of the security or collective investment scheme and in the value of Units of the Underlying Fund. A change in the quality rating of a bond or other security can also affect the security's liquidity and make it more difficult to sell.

The ability, or perceived ability, of an issuer of a debt security to make timely payments of interest and principal on the security will affect the value of the security. It is possible that the ability of the issuer to meet its obligation will decline substantially during the period when such security is held or that the issuer will default on its obligations. An actual or perceived deterioration in the ability of an issuer to meet its obligations will likely have an adverse effect on the value of the issuer's securities.

If a security has been rated by more than one nationally recognised statistical rating organization the relevant investment manager may consider, among other criteria, the weakest rating for the purposes of determining whether the security is investment grade (i.e. having a long-term credit rating of at least BBB- by Standard & Poor's, Baa3 by Moody's or BBB- by Fitch (or their respective equivalents)). The security may not necessarily be disposed of if its rating falls below investment grade, although the relevant investment manager will consider whether the security continues to be an appropriate investment. If a security is not rated by any nationally recognized statistical rating organisation, the relevant investment manager may assess the credit quality of the security to determine whether the security is investment grade or otherwise.

Credit risk is generally greater for investments issued at less than their face values and required to make interest payments only at maturity rather than at intervals during the life of the investment. Credit rating agencies base their ratings largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition, and does not reflect an assessment of an investment's volatility and liquidity. Although investment grade investments generally have lower credit risk than investments rated below investment grade, they may share some of the risks of lower-rated investments, including the possibility that the issuers may be unable to make timely payments of interest and principal and thus default.

5.2.5 Investment in Non-Investment Grade Securities

Issuers of non-investment grade fixed income or debt securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to make timely interest and principal payments. The market prices of certain non-investment grade securities tend to reflect individual corporate developments to a greater extent than securities of investment grade, which react primarily to fluctuations in the general level of interest rates.

Non-investment grade securities also tend to be more sensitive to economic conditions than securities of investment grade. It is likely that a major economic recession or an environment characterised by a shortage of liquidity could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn or liquidity squeeze could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

The market for non-investment grade securities is thinner and less active than that for securities of investment-grade, which can adversely affect the prices at which non-investment grade securities can be sold.

5.2.6 Liquidity Risk

The Underlying Fund is exposed to the risk that a particular investment or position cannot be easily unwound or offset due to insufficient buyers or market disruption. This can affect your ability to realise Units of the Underlying Fund, and can also have an impact on the value of Units of the Underlying Fund. Although the Underlying Fund will invest in, amongst others, collective investment schemes and other investment funds (including ETFs) in which the investors are entitled to redeem their units or shares within a reasonable timeframe, there may be exceptional circumstances in which the units or shares of such Underlying Entities are not readily redeemable. Absence of liquidity may have a detrimental impact on the Underlying Fund and the value of its investments.

5.2.7 Derivative Risk

Unless otherwise specified, FDIs (which may include, but not limited to, options on securities, OTC options, interest rate swaps, credit default swaps, futures, currency forwards, contract for difference, credit derivatives or structured notes such as credit-linked notes, equity-linked notes and index-linked notes) may be used to a limited degree and only where the relevant investment guidelines permit.

The successful use of such instruments depends on the ability to accurately predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If the relevant portfolio manager's prediction is incorrect, or if the FDIs do not work as anticipated, greater losses may be incurred than had FDIs not been used. While some strategies involving FDIs can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable price movements in other investments.

If OTC derivatives are used, there is an increased risk that the counterparty may fail to perform under its contractual obligations. Risks are also greater for instruments not traded on a recognised market, which have less protection than that which may otherwise apply to participants trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house.

Investments in OTC instruments may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative instruments. Participants in such OTC markets are typically subject to less regulatory oversight than members of exchange-based markets. Therefore, the use of OTC instruments may increase volatility in the value of the Underlying Fund and may increase counterparty and settlement risks. Although the Manager/Investment Manager will endeavour to ensure that the OTC transactions are governed by standardised documentation produced by the International Swaps and Derivatives Association ("ISDA"), this may not be achieved. Further, transactions entered under an ISDA agreement may be subject to cross-product obligations, payment and collateral netting provisions, events of default provisions, no-fault termination events and other provisions, which may subject OTC transactions to early termination. If such provisions are triggered, losses may be incurred and the close-out and valuation procedures provided under the ISDA agreement do not always function well, particularly in adverse market conditions.

Warrants on securities or on any other financial instrument offer a significant leveraging effect, but are characterised by a high risk of depreciation. Investments in FDIs may require the deposit of an initial margin and additional deposits of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, FDI investments may be liquidated at a loss.

Other risks in using FDIs include the risk of mispricing or improper valuation of FDIs and the inability of FDIs to correlate perfectly with underlying assets, rates and indices. Many FDIs, in particular privately negotiated FDIs, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the Underlying Fund. Also, the value of FDIs may not correlate perfectly, or at all, with the value of the assets, reference rates or indices they are designed to closely track. In addition, the use of FDIs may attract taxes for short-term capital gains than had FDIs not been used.

5.2.8 Emerging Markets Risk

In emerging and less developed markets, to which the Underlying Fund may be exposed, the legal, judicial and regulatory infrastructure is still developing but there is much legal uncertainty both for local market participants and their overseas counterparts. Some markets may carry higher risks. Therefore, you should ensure that you understand the risks involved and are satisfied that an investment is suitable as part of your portfolio before investing. You should invest in emerging and less developed markets only if you have independent knowledge of the relevant markets, are able to consider and weigh the various risks presented by such investments, and have the financial resources necessary to bear the substantial risk of loss of investment in such investments.

Countries with emerging and less developed markets include but are not limited to (1) countries that have an emerging stock market in a developing economy as defined by the International Finance Corporation, (2) countries that have low or middle income economies according to the World Bank, and (3) countries listed in World Bank publication as developing. The list of emerging and less developed markets countries is subject to continuous change; broadly they include any country other than Austria, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

5.2.9 Commodities Risk

The Underlying Fund may use debt securities and/or ETFs to gain exposure to the performance of commodity equities and futures. The prices of commodity equities and futures are influenced by various macroeconomic factors such as changing supply and demand relationships, climatic and geopolitical conditions, disease and other natural phenomena, agricultural, trade, fiscal, monetary and exchange control programmes and policies of governments (including government intervention in certain markets) and other unforeseeable events.

The volatility of the Underlying Fund will depend to a certain extent on the correlation between different commodities or classes of commodities to which the Underlying Fund is exposed and that such correlation may vary from time to time. Should two or more commodities or classes of commodities to which the Underlying Fund is exposed become highly correlated, their performance will have a greater impact on the performance of the Underlying Fund and the Underlying Fund may be subject to greater or more rapid fluctuations in value than would be the case if they were not highly correlated.

Where the Underlying Fund has exposure to more than one commodity or commodity index at any time, some of the commodities and/or commodity indices may be highly correlated and therefore treated as giving exposure to the same commodity. As and when required, The Manager/Investment Manager will apply an internal statistical model to monitor correlations between the commodities and/or commodity indices to which Underlying Fund is exposed to, using historical correlation data based on the returns of each commodity or commodity index. Currently, the model computes the correlation and significance levels between the commodities and/or commodity indices by examining 5 years of historical returns data. Such period or periods may be adjusted at the Manager/Investment Manager's discretion in the event that any historical data is not available. If the correlation is higher than 0.7, the Manager/Investment Manager will regard such commodities and/or commodity indices as being "highly correlated" with each other and Underlying Fund's exposure to such commodities and/or commodity indices will be aggregated for the purpose of compliance with the Code. The correlations between the commodities and/or commodity indices over the most recent 1 year ("short-term correlation") are also compared against the corresponding correlations over a prior 4 year period to identify any drift in correlation.

5.2.10 Risk Associated with Income for Distribution out of Income and/or Capital

Please note that distributions may be made out of income and/or capital. Sources of income for distribution include dividends and/or interest derived from underlying investments. Such dividend and/or interest income may be adversely affected by events such as the underlying entities invested into suffering unexpected losses or having lower than expected earnings or paying lower than expected dividends.

Any distributions made (whether out of income and/or capital) may cause the Net Asset Value of the Underlying Fund to fall. Further, distributions out of the capital may amount to a partial return of your original investment and may result in reduced future returns for you.

Classes D and E of the Underlying Fund may make distribution out of income and/or capital, and this presents the potential for the termination and/or the consolidation of the Units of any of these Classes.

5.3 Additional Risk Arising from the Underlying Fund's Investments in the Underlying Entities/or Other Collective Investments Schemes or Investment Funds (including ETFs)

5.3.1 Underlying Entities Risk

As the Underlying Fund may invest substantially in one or more of the Underlying Entities and may invest in other collective investments schemes or investment funds, it is subject to the management risk of the management companies and/or the investment managers of the relevant Underlying Entity/ Underlying Entities. Poor management of the relevant Underlying Entities may jeopardise the Underlying Funds' investment in such Underlying Entity/ Underlying Entities.

5.3.2 Concentration Risk

The Underlying Fund's investment approach does not mandate diversification. Also, the Underlying Fund will have a high percentage of its assets invested in one or more of the Underlying Entities. In addition, the managers of the underlying entities may take positions or engage in transactions in the same securities or in issues of the same asset class, industry or country or currency at the same time. Such lack of diversification could result in either large gains or losses depending on the performance of the underlying investment funds. Accordingly, the investment portfolio of the Underlying Fund may be subject to more rapid change in value than would be the case if the Underlying Fund were required to maintain a diversified portfolio of investments.

5.3.3 Multiple Levels of Expenses

The Underlying Entites have fees and expenses that are borne by the Underlying Fund. As a result, you will be subject to fees and expenses at the Underlying Fund's level and at the underlying entities' level. As a consequence, the direct and indirect costs borne by the Underlying Fund are likely to represent a higher percentage of the net asset value than would typically be the case with collective investment schemes which invest directly in equity and bond markets.

The managers of the underlying funds may also receive compensation based on the performance of their investments. Under these arrangements, the managers will benefit from the appreciation, including unrealised appreciation of the investments of such underlying funds, but they are not similarly penalised for realised or unrealised losses.

5.3.4 Risk of Investing in ETFs

Although the Underlying Fund may invest in ETFs which track the performance of designated indices, the trading price of the ETFs may differ from the ETFs' net asset value. While the value of the ETFs will generally fluctuate with changes in the market value of the index shares[1], it will also fluctuate in accordance with changes in the supply and demand for the units in the ETFs on the regulated markets. It is impossible to predict whether units in an underlying ETF of the Underlying Fund will trade at, above or below their value at any given time.

Underlying ETFs investing in swap(s) and/or FDIs will be exposed to counterparty risk, which is the risk that the party trading with the relevant underlying ETF will be unable to meet its obligation to make payments or to settle a trade by the counterparty. Moreover, should a counterparty become bankrupt or insolvent, such underlying ETFs may incur significant losses, including declines in the value of its investment during the period in which the relevant underlying ETF seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. The above transactions may also be terminated due to certain events, such as

[1] "Index shares" means the shares listed on the regulated market being the shares of the companies which are constituent components of the respective index.

bankruptcy, supervening illegality or change in the tax or accounting laws relative to those in force at the time the transactions were entered into.

5.3.5 Regulatory Risk

The Underlying Entities - Fullerton Lux Funds is domiciled in Luxembourg and therefore, all the regulatory protections in Singapore may not apply. Additionally, the Underlying Entity's Fullerton Lux Sub-Fund may be registered in non-EU jurisdictions, which means that the relevant Underlying Entity's Fullerton Lux Sub-Fund may be subject to more restrictive regulatory regimes. In such cases, the relevant Underlying Entity's Fullerton Lux Sub-Fund will abide by these more restrictive requirements. This may prevent the relevant Underlying Entity's Fullerton Lux Sub-Fund from making the fullest possible use of their investment limits.

5.3.6 Risks Relating to LABF's Investments in Asset Backed Securities and Mortgage Backed Securities

Asset backed securities and mortgage backed securities are debt securities based on a pool of assets or collateralised by the cash flows from a specific pool of underlying assets. Such securities may be highly illiquid and therefore prone to substantial price volatility.

5.3.7 Risks Relating to Investments in Contingent Convertible Securities ("CoCos")

CoCos are complex hybrid debt-equity instruments that combine both debt and equity characteristics and absorb losses when the capital of the issuing financial institution falls below a certain level. At the start of their tenor, these securities resemble regular fixed income securities through their payment of regular interest payments. However, the occurrence of specified trigger events may lead the issuer to either: (i) write down some or all of such securities on a permanent basis and re-pay only a fraction of the investment principal or (ii) convert such securities into equity, depending on the pre-defined terms of the specific security. Once a CoCo is converted into equity, the market value of the equity received will likely deteriorate further after conversion as a result of the trigger event. Additional liquidity risk may also result. Any subsequent regular interest payments may be either reduced or eliminated. As it is difficult to predict when a trigger event will occur, Investors are exposed to the risk of uncertainty as to when (and whether) the CoCo will be converted into equity or suffer a principal write-down and the extent of loss that may suffer in the event of such conversion or write-down. All CoCos are exposed to trigger level risk. Trigger levels vary depending on the specific terms of issuance. The risk of conversion will depend on the distance of the issuer's capital ratio to the trigger level and/or the point at which the regulator deems the issuer no longer viable.

Some CoCos are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority. Investors are exposed to the risk that these CoCos may not be called on call date and Investors may not receive return of principal on call date. Additionally, coupon payments for these CoCos may be discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. Cancelled coupon payments do not accumulate and are instead written off.

5.3.8 Risks Relating to Investments in China by the Underlying Entities - Fullerton Lux Sub-Funds

The Underlying Entities – Fullerton Lux Sub-Funds may invest in China. A Fullerton Lux Sub-Fund that invests in China may be subject to the risks as set out in the Appendix 1.

5.3.9 Investment in P-Notes by the Underlying Entities - Fullerton Lux Sub-Funds

The Underlying Entities - Fullerton Lux Sub-Funds may invest in P-Notes.

An investment in P-Notes entitles the holder to certain cash payments calculated by reference to the underlying equity securities to which the instrument is linked. It is not an investment directly in the equity securities themselves. The holder is not entitled to the beneficial interest in the equity securities or to make any claim against the company issuing the equity securities.

P-Notes may not be listed and are subject to the terms and conditions imposed by their issuer. These terms may lead to delays in implementing the investment strategy for the relevant Fullerton Lux Sub-Fund due to restrictions on the issuer acquiring or disposing of the equity securities underlying the P-Notes. Investment in P-Notes can be illiquid as there is no active market in P-Notes. In order to meet realisation requests, the Fullerton Lux Sub-Fund relies on the counterparty issuing the P-Notes to quote a price to unwind any part of the P-Notes. This price will reflect market liquidity conditions and the size of the transaction.

By seeking exposure to investments in certain listed equity securities through P-Notes, the Fullerton Lux Sub-Fund is taking on the credit risk of the issuer of the P-Notes. There is a risk that the issuer will not settle a transaction due to a credit or liquidity problem, thus causing the Fullerton Lux Sub-Fund to suffer a loss. The Fullerton Lux Sub-Fund is exposed to the risk of default by issuers of P-Notes and it stands as unsecured creditor in the event of such default. While the investment manager of the Fullerton Lux Sub-Fund will endeavour to manage counterparty risks by investing in P-Notes issued by at least two to three counterparties, the Fullerton Lux Sub-Fund's exposure to such counterparties may not be equally diversified as not
all issuers may be able to provide access to specific equity securities if they are subject to any investment and market restrictions.

Due to the comparatively higher costs of investing in a P-Note, investment through P-Notes may cause a dilution of performance of the Fullerton Lux Sub-Fund when compared to a fund investing directly in similar assets. In addition, when the Fullerton Lux Sub-Fund intends to invest in a particular equity security through a P-Note, application moneys for units in the Fullerton Lux Sub-Fund may not be immediately invested in such equity security through P-Notes as this depends on the availability of P-Notes linked to such equity security. This may impact the performance of the Fullerton Lux Sub-Fund.

5.3.10 Currency Risks Relating to Investments by the Underlying Entities - Fullerton Lux Sub-Funds which are Denominated in RMB and in Other Asian Currencies

The RMB is not a freely convertible currency and is subject to foreign exchange control policies of and repatriation restrictions (including regulations governing QFIIs) imposed by the PRC government. If such policies or restrictions change in the future, the position of the Fullerton Lux Sub-Funds or their investors may be adversely affected. Conversion between RMB and other currencies is subject to policy restrictions and promulgations relating to RMB and relevant regulatory requirements.

Relevant policies may affect the ability of the Fullerton Lux Sub-Funds to convert between RMB and other currencies, applicable exchange rate and cost of conversion. Conversion may become more difficult or impossible and the RMB may be subject to devaluation, revaluation or shortages in its availability, limiting the depth of the RMB market and reducing the liquidity of the Fullerton Lux Sub-Funds.

The appreciation of the RMB may be accelerated, which may result in it becoming more costly to the Fullerton Lux Sub-Funds to acquire RMB denominated assets from any non-RMB funds raised. On the other hand, the RMB may depreciate or be subject to devaluation. In addition, there may be a divergence in the RMB clearing exchange rate between the offshore market and the onshore market in the PRC due to their respective supply and demand, and regulatory conditions.

The risks relating to investments denominated in RMB as described in the preceding paragraphs may also apply to investments which are denominated in other Asian currencies.

5.3.11 Risks associated with the Stock Connects

The Underlying Entities - Fullerton Lux Sub-Funds that invest in China "A" Shares listed on PRC Stock Exchanges through the Stock Connects may be subject to the risks as set out in the Appendix 1.

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

Detailed above are investment risks applicable to the Underlying Fund(s) as set out in the latest prospectus (the "Prospectus"). If you need more information, kindly visit the following website: http://www.fullertonfund.com.

6. Distribution Policy

(a) As part of the investment objective of the Fund, the Fund targets to make quarterly distributions. The quarterly distribution shall be expressed as a percentage of the value of units at the prevailing bid price as at the relevant declaration date. The Manager intends to make a distribution on or around the last Business Day in March, June, September and December of every calendar year ("**Declaration Date**") or such other dates as the Manager may in its absolute discretion determine

(b) If investors have invested in the Fund before the Declaration Date, they 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 value 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 value of units meant to be processed will not be included in determining the distribution amount

(c) For investment with cash ("**Cash**") or SRS monies, i.e. not using Central Provident Fund ("**CPF**") monies, 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

(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 have chosen to receive the distributions as payouts, distributions will be credited to their designated bank account or SRS account (if investors have invested using their SRS monies) within 45 days from the relevant Declaration Date ("**Payout Date**"). The Manager and Prudential Singapore reserve the right to change the Payout Date

(f) If investors have chosen to reinvest the distributions, they will receive extra units which will be credited into their account within 45 days from the relevant Declaration Date at the prevailing bid price ("Reinvestment Date"). The Manager and Prudential Singapore reserve 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 14). Distributions due to the investors will be credited separately to their designated bank account or SRS account (if investors have invested using their SRS monies) on the Payout Date

(h) If investors have chosen to reinvest the distributions, for any transaction (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 14). Distributions due to them will be credited back into their account except for surrenders. For surrenders, distributions will be paid to them 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 and Decumulation Share Class of the Fund.

Distribution payments shall, at the sole discretion of the Manager and/or 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 sole discretion of the Manager and/or 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 or distribution of the Fund. The making of any distribution shall not be taken to imply that further distributions will be made. The Manager and/or Prudential Singapore may also vary the frequency and/ or amount of the 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 the Manager and/or 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.

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

Although Distribution Classes and Decumulation Classes may make distribution out of income and/or capital, the potential distribution out of capital for Decumulation Class is expected to be more substantial than the other Classes due to the higher intended distribution rate. Over time, the Net Asset Value of these Classes may drop to a certain threshold where it is no longer feasible to maintain these Classes. In such a scenario, the Manager and/or Prudential Singapore has the absolute discretion to terminate any of these Classes.

Further, the Manager may at any time, with prior notification to the Trustee, perform unit consolidation (or reverse unit split) for any of these Classes. For example, if you hold 1,000 Decumulation Class Units at S$0.50000 per Unit, the Manager can consolidate your holdings into 500 Decumulation Class Units at S$1.00000 per Unit. All fractions of Units resulting from such consolidation shall be truncated to 3 decimal places or such other truncation or rounding method as the Manager may determine with prior notification to the Trustee. The Manager shall notify each affected Holder of the unit consolidation and the registrar shall alter the Register relating to the Sub-Fund accordingly as to the new number of Units held by such Holder as a result of such unit consolidation.

7. Performance of the Fund

7.1 Past Performance of the Fund and Benchmark (as at 31 December 2023)

Fund	Inception Date	1 Year	3 Years*	5 Years*	Since Inception*
PRULink Asian Multi-Asset Income Fund	1 February 2021	1.03%	n.a.	n.a.	-6.56%

** Annualised (Inception: 1/2/2021)*

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.

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

Past performance of the Fund is not necessarily indicative of the future performance of the Fund.

7.2 Expense Ratio[2]

Fund(s)	Expense Ratio As at 31 December 2023
PRULink Asian Multi-Asset Income Fund (Acc)	1.59%
PRULink Asian Multi-Asset Income Fund (Decu)	1.59%
PRULink Asian Multi-Asset Income Fund (Dis)	1.59%

[#] 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.

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

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

7.3 Turnover ratio[3]

7.3.1 Turnover Ratio of the Funds

Fund	Turnover Ratio as at 31 December 2023
PRULink Asian Multi-Asset Income Fund (Acc)	21.61%
PRULink Asian Multi-Asset Income Fund (Decu)	21.61%
PRULink Asian Multi-Asset Income Fund (Dis)	21.61%

Source: Prudential Assurance Company Singapore (Pte) Limited

7.3.2 Turnover ratio of the Underlying Funds

Underlying Funds	Turnover Ratio as at 31 December 2023
Fullerton Asia Income Return	741.24%

The turnover ratios of the Underlying Entities[4] are as follows:

Underlying Entity	Turnover Ratio
LHCAE	192.09%
LAAA	259.60%
LABF	43.23%
FSCF	1880.63%

Source: Fullerton Fund Management Company Ltd as at 31 December 2023

8. Fees

8.1 Fees payable directly by you

Initial Investment Charge

There is a 5%* initial investment charge (bid-offer spread). 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

[3] *The turnover ratio is calculated based on the lesser of purchases or sales expressed as a percentage over average net asset value. Average net asset value means the net asset value for each day averaged over, as far as possible, the same period used for calculating the expense ratio.*

[4] *The turnover ratios of the Underlying Entities are calculated based on the lesser of purchases or sales of underlying investments of the relevant Underlying Entity expressed as a percentage of its average daily net asset value.*

8.2 Fees payable by the ILP Sub-Fund

Continuing Investment Charge

The continuing investment charge is currently 1.3% 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.

9. Subscription of Units

9.1 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[5] 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.

9.2 Dealing Deadline and Pricing Basis

9.2.1 Pricing of PRULink Fund

Pricing of PRULink Funds is on a forward, bid-bid basis[5].

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[5] *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.*

If we receive your premium:

a) by 3pm, we will use the bid price[5] calculated on the next Business Day; or

b) after 3pm, we will use the bid price[5] 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[5] to buy units in your account. If we receive your premium after 3pm on Monday, we will use Wednesday's bid price[5].

9.3 Allotment of Units

Numerical example of units allotment:

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

$1,000	-	$0	->	$1,000	÷	$1.00	=	1,000 units
Your Initial Investment		Premium Charge Amount		Net Investment Sum		Bid Price[5]		No. of units you will receive

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

10. Withdrawal of Units

10.1 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.

10.2 Minimum Holdings Amount and Minimum Withdrawal Amount

The minimum withdrawal amount is S$1,000.

If you make a partial withdrawal, the remaining units in the account must be worth at least S$1,000 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.

10.3 Dealing Deadline and Pricing Basis

Pricing of PRULink Funds is on a forward, bid-bid basis[5].
If we receive the withdrawal application:

a) by 3pm, we will use the bid price[5] calculated on the next Business Day; or

b) after 3pm, we will use the or bid price[5] 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[5] to sell units in the account. If we receive the withdrawal application after 3pm on Monday, we will use Wednesday's bid price[5].

10.4 Calculation of Withdrawal Proceeds

Numerical example of withdrawal value based on withdrawal of 1,000 units:

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

10.5 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.

11. 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 S$200. The remaining units in the PRULink Fund that you are switching from must be worth at least S$200 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.

12. 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, 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.

13. 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 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 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.

14. Soft Dollar Commissions or Arrangements

The Manager and, where applicable, the Investment Manager 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 Fund (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 Fund (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.

15. Conflicts of Interest

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

The Manager 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 Underlying Fund. These include management of other funds, purchases and sales of securities, investment and management counseling and serving as directors, officers, advisers or agents of other funds or other companies, including companies in which the Underlying Fund 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.

16. 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.

17. Other Material Information

17.1 Right to Change Investment Objective

We and the Manager reserve the right to change the investment objective of the Fund from time to time. 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.

17.2 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.

17.3 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 Manager, 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.

17.4 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.

In respect to the Decumulation Class, it is a de-cumulating class where the distribution rate may result in a substantial amount of the initial capital being returned to investors. In other words, a higher likelihood that your initial investment will be drawn down over the long term. This may, over time, cause the NAV of this class to drop below the minimum class size. In such a scenario, the Manager and/or Prudential Singapore have the absolute discretion to terminate the class.

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

Although Distribution Classes and Decumulation Classes may make distribution out of income and/or capital, the potential distribution out of capital for Decumulation Class is expected to be more substantial than the other Classes due to the higher intended distribution rate. Over time, the Net Asset Value of these Classes may drop to a certain threshold where it is no longer feasible to maintain these Classes. In such a scenario, the Manager and/or Prudential Singapore has the absolute discretion to terminate any of these Classes.

Further, the Manager may at any time, with prior notification to the Trustee, perform unit consolidation (or reverse unit split) for any of these Classes. For example, if you hold 1,000 Decumulation Class Units at S$0.50000 per Unit, the Manager can consolidate your holdings into 500 Decumulation Class Units at S$1.00000 per Unit. All fractions of Units resulting from such consolidation shall be truncated to 3 decimal places or such other truncation or rounding method as the Manager may determine with prior notification to the Trustee. The Manager shall notify each affected Holder of the unit consolidation and the registrar shall alter the Register relating to the Sub-Fund accordingly as to the new number of Units held by such Holder as a result of such unit consolidation.

17.5 Investment Guidelines

17.5.1 The investment guidelines for non-specialised funds (i.e. the Non-Specialised Funds Investment Guidelines) issued by the Authority under the Code, which may be amended from time to time, shall apply to the Fund (unless otherwise waived, exempted or not applied by the Authority).

17.5.2 The Manager and Investment Manager will ensure compliance with the investment guidelines issued by the Authority and the insurer, which may be amended from time to time. We reserve the right to make changes to or to change the Fund and/ or Underlying

Fund as may be necessary for the compliance with the investment guidelines. The investment guidelines stipulated by the authorities include but are not limited to the MAS 307 Investment-Linked Policies issued by the Authority.

17.6 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 Investment Manager terminates the Fund or Underlying Fund, or if we are required to do so by the Manager or Investment Manager (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 Investment Manager(s) 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.

Appendix 1 – Additional Risk Disclosures relating to the Fullerton Asia Income Return

1. Risk associated with the Stock Connects

The Underlying Fund may invest and have direct access to certain eligible China "A" Shares (as defined below) via the Stock Connects (as defined below).

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited ("**HKEx**"), Shanghai Stock Exchange ("**SSE**") and China Securities Depository and Clearing Corporation Limited ("**CSDCC**"). The Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEx, Shenzhen Stock Exchange ("**SZSE**") and CSCDC (the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect and any other similar programme(s) which may be introduced from time to time, being collectively referred to as the "**Stock Connects**"). The aim of the Stock Connects is to achieve mutual stock market access between the People's Republic of China (excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) ("**PRC**" or "**China**") and Hong Kong.

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 the Stock Exchange of Hong Kong Limited ("**SEHK**"), may be able to trade eligible China "A" Shares listed on SSE by routing orders to SSE.

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.

"A" Shares are shares issued by PRC companies, denominated in RMB (CNY) and traded on the PRC Stock Exchanges. "PRC Stock Exchanges" means SSE, SZSE and any other stock exchange that may open in the PRC in the future.

Eligible Securities

(i) Shanghai-Hong Kong Stock Connect

Under the Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Underlying Fund) are able to trade selective stocks listed on the SSE market (i.e. "**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; and
- SSE-listed shares which are included in the "risk alert".

"H" shares are shares issued by PRC companies and traded on the SEHK.

(ii) Shenzhen-Hong Kong Stock Connect

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Underlying Fund) are able to trade selective stocks listed on the SZSE market (i.e. "SZSE Securities"). These include all the constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed China "A" Shares which have corresponding "H" shares listed on SEHK, except the following:

- SZSE-listed shares which are not traded in RMB; and
- SZSE-listed shares which are included in the “risk alert” or under delisting arrangement.

It is expected that both lists of SSE Securities and SZSE Securities will be subject to review and approval by the relevant regulatory bodies from time to time.

Further information about the Stock Connects is available online at the website: http://www.hkex.com.hk/mutualmarket.

Risk associated with the Stock Connects

(i) Quota limitations risk

The Stock Connects are subject to quota limitations. Trading under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect will be subject to a daily quota respectively (“Daily Quota”). The Daily Quota will apply on a “net buy” basis. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call auction session, new buy orders will be rejected (though investors will be allowed 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 Connects on a timely basis, and the Underlying Fund may not be able to effectively pursue its investment strategies.

(ii) Suspension risk

Each of the SEHK, SSE and SZSE reserves the right to suspend Northbound and/or Southbound 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 in the Northbound trading through the Stock Connects is effected, the Underlying Fund's ability to access the PRC market will be adversely affected.

(iii) Differences in trading days

The Stock Connects only operate on days when both the PRC and Hong Kong Stock Exchanges are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore, it is possible that there are occasions when it is a normal trading day for the PRC Stock Exchanges but Hong Kong Stock Exchanges or banks are closed and overseas investors (such as the Underlying Fund) cannot carry out any China “A” Shares trading. Due to the differences in trading days, the Underlying Fund may be subject to a risk of price fluctuations in China “A” Shares on a day that the PRC Stock Exchanges are open for trading but the Hong Kong Stock Exchanges is closed.

(iv) Operational risk

The Stock Connects provide a channel for investors from Hong Kong and overseas to access the PRC Stock Exchanges directly.
The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in these programmes subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Market participants generally have configured and adapted their operational and technical systems for the purpose of trading China “A” Shares through the Stock Connects. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the programmes to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the “connectivity” in the Stock Connects requires routing of orders across the border. SEHK has set up an order routing system (“China Stock Connect System”) to capture, consolidate and route the cross-boundary orders input by exchange participants. 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 programme could be disrupted. The Underlying Fund's ability to access the China “A” Shares market (and hence to pursue its investment strategy) will be adversely affected.

(v) *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 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 stock brokers) to ensure there is no over-selling.

Generally, if the Underlying Fund desires to sell certain China “A” Shares it holds, it must transfer those China “A” Shares to the respective accounts of its brokers before the market opens on the day of selling (“Trading Day”) unless its brokers can otherwise confirm that the Underlying Fund has sufficient China “A” Shares in the accounts. 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 holdings of China “A” Shares in a timely manner.

However, the Underlying Fund may request a custodian to open a special segregated account (“SPSA”) in CCASS (the Central Clearing and Settlement System operated by the Hong Kong Securities Clearing Company Limited (“HKSCC”) for the clearing securities listed or traded on SEHK) to maintain its holdings in China “A” Shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique “Investor ID” by CCASS for the purpose of facilitating China Stock Connect System to verify the holdings of an investor such as the Underlying Fund. Provided that there is sufficient holding in the SPSA when a broker inputs the Underlying Fund's sell order, the Underlying Fund will be able to dispose of its holdings of China “A” Shares (as opposed to the practice of transferring China “A” Shares to the broker's account under the current pre-trade checking model for non-SPSA accounts). Opening of the SPSA accounts for the Underlying Fund will enable it to dispose of its holdings of China “A” Shares in a timely manner.

(vi) *Recalling of eligible stocks*

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, 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, when the Managers wish to purchase a stock which is recalled from the scope of eligible stocks.

(vii) *Custody, clearing and settlement risks*

The HKSCC, a wholly-owned subsidiary of HKEx, will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors. The China “A” Shares traded through Stock Connects are issued in scripless form, so investors will not hold any physical China “A” Shares. Hong Kong and overseas investors (including the Underlying Fund) who have acquired SSE Securities or SZSE Securities through Northbound trading should maintain the SSE Securities or SZSE Securities with their brokers’ or custodians’ stock accounts with CCASS.

HKSCC and CSCDC have established the clearing links and each is 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 the 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.

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

(viii) Participation in corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in CSCDC, CSCDC as the share registrar for SSE/SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities (as the case may be).

HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("CCASS participants") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them. The HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including the Underlying Fund) are holding SSE Securities and SZSE Securities traded via the Stock Connects through their brokers or custodians, and they will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be very short. Therefore, it is possible that the Underlying Fund may not be able to participate in some corporate actions in a timely manner.

(ix) Nominee arrangements in holding China "A" Shares

HKSCC is the nominee holder of the SSE Securities and SZSE Securities acquired by Hong Kong and overseas investors (including the Underlying Fund) through the Stock Connects. The current Stock Connects rules expressly provide for the concept of a "nominee holder" and there are other laws and regulations in the PRC which recognise the concepts of "beneficial owner" and "nominee holder". Although there is reasonable ground to believe that an investor may be able to take legal action in its own name to enforce its rights in the courts in the PRC if it can provide evidence to show that it is the beneficial owner of SSE Securities/SZSE Securities and that it has a direct interest in the matter, investors should note that some of the relevant PRC rules related to nominee holder are only departmental regulations and are generally untested in the PRC. There is no assurance that the Underlying Fund will not encounter difficulties or delays in terms of enforcing its rights in relation to China "A" Shares acquired through the Stock Connects. However, regardless of whether a beneficial owner of SSE Securities under Shanghai-Hong Kong Stock Connect or SZSE Securities under Shenzhen-Hong Kong Stock Connect is legally entitled to bring legal action directly in the PRC courts against a listed company to enforce its rights, HKSCC is prepared to provide assistance to the beneficial owners of SSE Securities and SZSE Securities where necessary.

(x) Currency risk

Where the Underlying Fund is denominated in US dollars or other foreign currency, the performance of the Underlying Fund may be affected by movements in the exchange rate between RMB (i.e. the currency in which SSE Securities and SZSE Securities are traded and settled) and US dollar or other foreign currency. The Underlying Fund may, but is not obliged to, seek to hedge foreign currency risks. However, even if undertaken, such hedging may be ineffective. On the other hand, failure to hedge foreign currency risks may result in the Underlying Fund suffering from exchange rate fluctuations.

(xi) No protection by Investor Compensation Fund

Investments through the Stock Connects are conducted through brokers, and are subject to the risks of default by such brokers' in their obligations.

The Underlying Fund's investments through Northbound trading under the Stock Connects are not covered by the Hong Kong's Investor Compensation Fund, which is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Therefore, the Underlying Fund is exposed to the risks of default of the broker(s) it engages in its trading in China "A" Shares through the Stock Connects. Further, since the Underlying Fund is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund in the PRC.

(xii) Regulatory risk

The Stock Connects are novel in nature, and the Stock Connects will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connects.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connects will not be abolished. The Underlying Fund, which may invest in the PRC Stock Exchanges through the Stock Connects, may be adversely affected as a result of such changes.

Risk associated with the Small and Medium Enterprise Board of the SZSE ("SME Board") and/or ChiNext Board of the SZSE ("ChiNext Board")

The Underlying Fund may have exposure to stocks listed on SME Board and/or ChiNext Board of SZSE.

(i) Higher fluctuation on stock prices

Listed companies on the SME Board and/or 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").

(ii) Over-valuation risk

Stocks listed on SME Board and/or 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.

(iii) Differences in regulation

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 and SME Board.

(iv) *Delisting risk*

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

Investments in the SME Board and/or ChiNext Board may result in significant losses for the Underlying Fund and its investors.

PRC tax risk

(i) *Dividends*

Pursuant to the "Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect" (Caishui [2014] No. 81) ("Notice 81") promulgated by the Ministry of Finance of the PRC, the State Administration of Taxation of the PRC and the China Securities Regulatory Commission ("CSRC") on 14 November 2014, the Underlying Fund is subject to a withholding income tax at 10% on dividends received from China "A" Shares traded via Shanghai-Hong Kong Stock Connect, unless reduced under a double tax treaty with the PRC upon application to and obtaining approval from the competent PRC authority.

Pursuant to the "Notice on the tax policies related to the Pilot program of Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No.127) ("Notice 127") promulgated by the Ministry of Finance of the PRC, the State Administration of Taxation of the PRC and the CSRC on 5 November 2016, the Underlying Fund is subject to a withholding tax at 10% on dividends received from China "A" Shares traded via Shenzhen-Hong Kong Stock Connect.

(ii) *Capital gains*

Pursuant to Notice 81 and Notice 127, PRC corporate income tax will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Underlying Fund) on the trading of China "A" Shares through the Stock Connects. It is noted that Notice 81 and Notice 127 both state that the corporate income tax exemption effective from 17 November 2014 and from 5 December 2016 respectively is temporary. As such, as and when the PRC authorities announce the expiry date of the exemption, the Underlying Fund may in the future, need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of such Underlying Fund.

(iii) *China Interbank Bond Market ("CIBM")*

The MOF and the STA jointly released Caishui [2016] No. 36 ("Circular 36") on 23 March 2016 which provided implementation guidance on the further rollout of the Value-Added Tax ("VAT"). Circular 36 takes effect from 1 May 2016 and VAT will replace business tax. Circular 36 states that interest from provision of loan, including interest income is subjected to VAT at the prevailing rate of 6% plus applicable surcharge of up to 12% of the VAT payable. As such, the relevant The Underlying Fund will be liable for VAT on interest income received effective 1 May 2016.

There are no specific rules and regulations governing the PRC taxes on capital gains derived by foreign investors from the trading of PRC Eligible Bonds. As a matter of practice, such 10% PRC withholding income tax ("WHT") on capital gains realized by non-PRC tax resident enterprises from the trading of these securities via Bond Connect has not been strictly enforced by the PRC tax authorities. However, such treatment is not explicitly clarified under the current PRC tax regulations.

Pursuant to Circular 36, capital gains derived from trading securities in China would be subject to 6% VAT, unless specifically exempted under the prevailing laws and regulations. Under Circular 36 and Caishui [2016] No. 70 ("Circular 70"), VAT exemption is available for the capital gains derived by foreign institutional investors from the trading of Chinese bonds in the China Interbank Bond Market.

Interest received from government bonds issued by the in-charge Finance Bureau of the State Council and/or local governments bonds approved by the State Council would be exempted from PRC Corporate Income Tax ("CIT") and VAT under the prevailing PRC CIT and VAT Law/regulations.

Interest received from non-government bonds (including corporate bonds) issued by PRC tax resident enterprise should be subject to 10% WHT, 6% VAT and other local surtaxes that could amount to as high as 12% of the VAT payable. Having said that, pursuant to the newly issued Urban Maintenance and Construction Tax ("UMCT") law, effective from 1 September 2021, no UMCT would be levied on the VAT paid for the sale of services by foreign parties to Mainland Chinese parties. Furthermore, Public Notice [2021] No.28 stipulates that the taxation basis of Education Surcharge ("ES" and Local Education Surcharge ("LES") are the same as that of the UMCT. In other words, if UMCT is exempted, the relevant ES and LES would also be exempted. However, the implementation of the exemption may vary depending on the local practice.

Pursuant to Caishui [2018] No. 108 ("Circular 108") promulgated by the MOF and the STA of the PRC on 22 November 2018, overseas investors (including the Underlying Fund) will be exempted from China WHT and VAT in respect of bond interest income received from 7 November 2018 to 6 November 2021 from investments in the China bond market. This WHT and VAT exemption treatment on bond interest income received by overseas investors was further extended to 31 December 2025 according to Public Notice [2021] No.34 ("PN34"). As such, upon the expiry date of the exemption, the relevant Underlying Fund may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of the Underlying Fund.

Investors should note that Circular 108 and PN34 did not provide specific written guidance by the mainland China tax authorities on the tax treatment of bond interest tax before the effective date of Circular 108, Circular 36 and other tax categories payable in respect of trading in the CIBM by eligible foreign institutional investors. It is possible that the relevant tax authorities may, in the future, clarify the tax position and impose an income tax or withholding tax on realised gains on PRC fixed income securities.

In light of the above, the Underlying Fund may withhold certain amounts in anticipation of China withholding tax on the Underlying Fund's capital gains for a specified period of time or indefinitely.

The Investment Manager is of the opinion that a reserve may be warranted and may establish such a reserve in respect of the relevant Underlying Fund ("Reserve"). This Reserve is intended to cover potential indirect or direct PRC tax liabilities which may arise from realised gains relating to indirect or direct investments on PRC fixed income securities.

Upon the clarification by the China tax authorities of the tax liability to the advantage of the Underlying Fund, all or part of the Reserve may be rebated to and retained by the Underlying Fund. In the event that the China tax authorities' clarification results in a disadvantageous outcome for the Underlying Fund, there is no guarantee that the Reserve or withheld amounts (the "withheld amounts") will be enough to cover such indirect or direct China tax liabilities. If the withheld amounts or Reserve is insufficient to satisfy the indirect or direct China tax liabilities, the Underlying Fund may be required to make payment to satisfy such tax liabilities.

Investors should note that as and when the China tax authorities provide clarity on the position, treatment and implications of taxation such implications may have a retrospective effect such that the Net Asset Value of the relevant Underlying Fund may be lower or higher than what was calculated at the relevant time. In addition, before published guidance is issued and is well established in the administrative practice of the China tax authorities, the practices with respect to investments may differ from, or be applied in a manner inconsistent with the practices with respect to the analogous investments described herein or any new guidance that may be issued. In this regard, investors who had redeemed their Units in the Underlying Fund prior to any credit made into that the Underlying Fund as a result of China tax authorities' clarification on the tax position shall not have any right or claim to any amount so credited.

In the event the Underlying Fund is terminated or ceases to exist before the China tax authorities provide clarity, the Reserve may either be retained by or transferred to the Trustee or Investment Manager (with the approval of the Trustee) on behalf of the Underlying Fund. In this situation, investors may not have any claim on such amount.

2. Risk Relating to Investments in China by the Fullerton Lux Sub-Funds (the “Underlying Entities”)

The Underlying Fund may invest in an Underlying Entity that has investments in China. In such cases, the Underlying Entity may be subject to the following risks:

(i) *China Risks – General*

(a) Political and Social Risk

Investments in China will be sensitive to any political, social and diplomatic developments which may take place in or in relation to China. Any change in the policies of China may adversely affect the securities markets in China and the performance of the Underlying Entity.

(b) Economic Risk

The economy of China differs from the economies of most developed countries, including government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in China is not well developed when compared with those of developed countries.

The economy in China has experienced rapid growth in recent years. However, such growth may or may not continue, and may not apply evenly across different sectors of China's economy. All these may adversely affect the performance of the Underlying Entity.

(c) Legal and Regulatory Risk

The legal system of China is based on written laws and regulations. However, many of these laws and regulations are untested and their enforceability remains unclear. In particular, regulations which govern currency exchange in China are relatively new and their application is uncertain. Such regulations also empower the CSRC and the State Administration of Foreign Exchange (“SAFE”) of the People's Republic of China to exercise discretion in their respective interpretation of the regulations, which may result in increased uncertainties in their application.

Dependence upon trading market for China “A” Shares and RMB denominated bonds

The existence of a liquid trading market for the China “A” Shares or RMB denominated bonds may depend on whether there is supply of, and demand for, China “A” Shares or RMB denominated bonds respectively.

Please note that the PRC Stock Exchanges on which China “A” Shares are traded are undergoing development and the market capitalisation of, and trading volumes on, those exchanges could be lower than those in more developed financial markets. Market volatility and settlement difficulties in the China “A” Share markets may result in significant fluctuation in the prices of the securities traded on such markets and thereby changes in the net asset value of the Underlying Entity.

There is no guarantee that the trading markets for RMB denominated bonds will be liquid. In the absence of an active China interbank bond market or PRC Stock Exchange, the Underlying Entity may need to hold the RMB fixed income instruments until their maturity date. Further, the bid and offer spread of the price of RMB fixed income instruments may be high (for both China interbank bond market and PRC Stock Exchanges), and the Underlying Entity may therefore incur significant trading costs and may even suffer losses when selling such investments.

If sizeable redemption requests are received in the absence of a liquid trading market for China "A" Shares or RMB denominated bonds, the Underlying Entity may need to liquidate its investments at a substantial discount in order to satisfy such requests and may suffer losses in trading such instruments.

(d) China "A" Shares market suspension risk

China "A" Shares may only be bought from, or sold to, the Underlying Entity where the relevant China "A" Shares may be sold or purchased on the PRC Stock Exchanges. As the China "A" Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the subscription and realisation of shares may also be disrupted.

(e) Disclosure of Substantial Shareholding

Under China's disclosure of interest requirements, the Underlying Entity investing in China "A" Shares via our Qualified Foreign Institutional Investor ("QFII") licence or RMB qualified foreign institutional investor ("RQFII") licence may be deemed to be acting in concert with other funds managed within our group or our substantial shareholder. Therefore, the Underlying Entity may be subject to the risk that its holdings may have to be reported in aggregate with the holdings of such other funds mentioned above if the aggregate holding triggers the reporting threshold under China's law, currently at 5% of the total issued shares of the relevant China listed company. This may expose the Underlying Entity's holdings to the public and may adversely impact its performance.

In addition, subject to the interpretation of Chinese courts and regulators, certain provisions contained in China's laws and regulations may apply to the Underlying Entity's investments such that where its holdings (possibly with the holdings of other investors deemed as its concert parties) exceed 5% of the total issued shares of a China listed company, the Underlying Entity may not reduce its holdings in such company within 6 months of the last purchase of shares of such company. If the Underlying Entity violates this rule, it may be required by the listed company to return any profits realised from such trading to the listed company.

Moreover, under China's civil procedures, the Underlying Entity's assets may be frozen to the extent of the claims made by such company.

(ii) *China QFII/RQFII risks*

(a) Investment through Manager or Third Party's QFII/RQFII Licences

Under the prevailing regulations in China, foreign investors may invest in securities and investments permitted to be held or made by QFII/RQFII under the relevant QFII/RQFII regulations ("QFII/RQFII Eligible Securities") through institutions that have obtained QFII/RQFII status in China.

As of the date hereof, owing to the current QFII/RQFII regulations and that the Underlying Entity is not QFII/RQFII, an Underlying Entity may invests in QFII/RQFII Eligible Securities indirectly through equity linked products, including but not limited to equity linked notes and participatory notes issued by institutions that have obtained QFII/RQFII status (collectively referred to as “CAAPs”). The Underlying Entity may also invest directly in QFII/RQFII Eligible Securities via our QFII/RQFII status.

Rules and restrictions under current QFII/RQFII regulations include rules on investment restrictions, which apply to the QFII/RQFII as a whole and not only to the investments made by the Underlying Entity. Investments in QFII/RQFII Eligible Securities made through institutions with QFII/RQFII status are generally subject to compliance with investment and market access restrictions applicable to each QFII/RQFII.

Such rules and restrictions imposed by the Chinese government on QFIIs/RQFIIs may adversely affect the Underlying Entity's liquidity and performance.

Violations of the QFII/RQFII regulations on investments arising from activities of the QFII/RQFII could result in the revocation of licences or other regulatory actions against, including investment in QFII/RQFII Eligible Securities or through CAAPs issued by the said QFII/RQFII made in the benefit of the Underlying Entity.

(b) <u>Limits on the Repatriation of Funds</u>

Where an Underlying Entity is invested in China's securities market by investing through our QFII/RQFII licence, repatriation of funds from China may be subject to the QFII/RQFII regulations in effect from time to time. Accordingly, the investment regulations and/or the approach adopted by SAFE in relation to the repatriation may change. PRC custodian(s) may handle the capital and/or repatriation profit for us acting as QFII/RQFII with writing application or instructions as well as a tax payment commitment letter issued by the Underlying Entity.

(c) <u>Custody and Broker Risk</u>

The QFII/RQFII Eligible Securities acquired by an Underlying Entity through our QFII/RQFII status will be maintained by the PRC custodian(s) in electronic form via a securities account with the CSDCC or such other central clearing and settlement institutions and a cash account with the PRC custodian(s).

The Investment Manager also selects the PRC brokers to execute transactions for the Underlying Entity in the PRC markets. The Investment Manager can appoint up to the maximum number of PRC brokers per market (the SSE and the Shenzhen Stock Exchange) as permitted by the QFII/RQFII regulations. If the Underlying Entity's ability to use the relevant PRC broker is affected, this could disrupt its operations. The Underlying Entity may also incur losses due to the acts or omissions of either the relevant PRC broker(s) or the PRC custodian(s) in the execution or settlement of any transaction or in the transfer of any funds or securities. Further, if there is an irreconcilable shortfall in the assets in the securities accounts maintained by CSDCC which may arise due to a fault in the CSDCC or bankruptcy of CSDCC, the Underlying Entity may suffer losses. In circumstances where only a single PRC broker is appointed which the Investment Manager considered appropriate to do so, the Underlying Entity may not necessarily pay the lowest commission or spread available.

Subject to the applicable laws and regulations in China, the depositary bank will make arrangements to ensure that the PRC custodians have appropriate procedures to properly safe-keep the Underlying Entity's assets.

According to the QFII/RQFII regulations and market practice, the securities and cash accounts for the Underlying Entity in China is to be maintained in the name of “the full name of the QFII/RQFII manager – the name of the fund” or “the full name of the QFII/RQFII manager – client account”. Notwithstanding these arrangements with third party custodians, the QFII/RQFII regulations are subject to the interpretation of the relevant authorities in China.

Further, under the QFII/RQFII regulations, the Investment Manager will be entitled to the securities (although this entitlement is not an ownership interest) as the QFII/RQFII. Therefore, such QFII/RQFII Eligible Securities of an Underlying Entity may be vulnerable to a claim by our liquidator and may not be as well protected as if they were registered solely in the name of the Underlying Entity. In particular, there is a risk that our creditors may incorrectly assume that the Underlying Entities' assets belong to us and such creditors may seek to gain control of the Underlying Entities' assets to meet our liabilities owed to such creditors.

Please note that cash deposited in the cash account of an Underlying Entity with the PRC custodian(s) will not be segregated but will be a debt owing from the PRC custodian(s) to the Underlying Entity as a depositor. Such cash will be co-mingled with cash belonging to other clients of the PRC custodian(s). In the event of bankruptcy or liquidation of the PRC custodian(s), the Underlying Entity will not have any proprietary rights to the cash deposited in such cash account, and will become an unsecured creditor of equal ranking with all other unsecured creditors of the PRC custodian. The Underlying Entity 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 it will suffer losses.

The Investment Manager as QFII/RQFII shall entrust our PRC custodian(s) to complete relevant registration formalities or submit relevant applications to the People’s Bank of China and SAFE as described in the Administrative Provisions on Domestic Securities and Futures Investment Capital of Foreign Institutional Investors (PBOC & SAFE Circular [2020] No. 2). The Investment Manager shall cooperate with the Investment Manager’s PRC custodian(s) in fulfilling obligations regarding review of authenticity and compliance, anti-money laundering, anti-terrorist financing, etc.

(d) Foreign exchange controls

RMB is currently not a freely convertible currency and is subject to exchange controls imposed by the Chinese government. As the Underlying Entities may invest in China, such controls could affect the repatriation of funds or assets out of the country, thus limiting their ability to satisfy realisation obligations.

Although the Investment Manager may choose the currency and timing of capital inward remittances, inward remittance and repatriation made by us for our domestic securities investments shall be in the same currency and no cross-currency arbitrage between RMB and other foreign currencies shall be allowed. The Investment Manager is allowed to convert between foreign currencies according to our actual needs.

(iii) *China RQFII Specific Risks*

Onshore versus offshore RMB differences risk

While both CNY and CNH are the same currency, they are traded in different and separated markets. CNY and CNH are traded at different rates and their movement may be in different directions. Although a growing amount of RMB is held offshore (i.e. outside China), CNH cannot be freely remitted into China and is subject to certain restrictions, and vice versa. Please note that subscriptions and realisations in an Underlying Entity investing in RQFII eligible securities through our RQFII licence will be in US$ and/or reference currency of the relevant share class and will be converted to/from CNH. You will bear the forex expenses for such conversion and the risk of a potential difference between the CNY and CNH rates. The liquidity and trading price of the Underlying Entity may also be adversely affected by the rate and liquidity of the RMB outside China.

(iv) *China Tax risk*

As a result of investing indirectly or directly in QFII Eligible Securities or RQFII Eligible Securities, an Underlying Entity may be subject to indirect or direct withholding and other taxes imposed by China. Please be aware that any changes or clarifications in the China taxation legislation may be retrospective in nature and could affect the amount of income which may be derived and the amount of capital returned, from the investments of the Underlying Entity. Laws governing taxation may continue to change and may contain conflicts and ambiguities.

Under the PRC's current tax law and regulations, there are uncertainties in the taxation rules of the QFIIs and RQFIIs. The tax treatment for a QFII investing in QFII Eligible Securities or a RQFII investing in RQFII Eligible Securities is governed by the general taxing provisions of the Corporate Income Tax Law of China (“CIT Law”) effective on 1 January 2008. This is on the basis that the QFII or RQFII would be managed and operated such that it would not be considered a tax resident enterprise in China and would not be considered to have a permanent establishment in China. Under CIT Law, a 10% withholding income tax will be imposed on China-sourced income (including but not limited to cash dividends, distributions, interests and gains from transfers of QFII Eligible Securities or RQFII Eligible Securities) for a foreign enterprise that does not have any establishment or place of business in China, or that has an establishment or place of business in China but whose income is not effectively connected with such establishment or place of business. The Investment Manager intend to operate the Underlying Entity in a manner that will prevent it from being treated as tax resident of China and from having a permanent establishment in China, although this cannot be guaranteed.

The China Ministry of Finance ("MOF") and China State Taxation Administration ("STA") jointly released Caishui [2016] No.36 ("Circular 36") on 23 March 2016 which provided implementation guidance on the further rollout of the Value-Added Tax ("VAT"). Circular 36 takes effect from 1 May 2016 and VAT will replace business tax. According to Circular 36 which took effect on 1 May 2016, VAT at 6% shall be levied on the difference between the selling and buying prices of those marketable securities, e.g. China "A" Shares, unless there is specific exemption. Circular 36 and Circular 70 also provide that gains derived by QFIs from trading of marketable securities are exempt from VAT effective on 1 May 2016. However, the term "marketable securities" is not defined under tax laws and regulations and it is unclear whether investment funds, index futures and warrants would fall within the definition. In addition, urban maintenance and construction tax (currently at rates ranging from 1% to 7%), educational surcharge (currently at the rate of 3%) and local educational surcharge (currently at the rate of 2%) (collectively, the "Surtaxes") are imposed based on VAT liabilities, so if the QFIs are liable for VAT they will also be required to pay the applicable Surtaxes. The STA has issued a circular Guoshuihan 2009 No. 47 on 23 January 2009 clarifying that QFIs are subject to 10% China withholding tax on dividends and interest income that are sourced in China. Under the China CIT Law and its Detailed Implementation Rules, interest derived from the government bonds issued by the in-charge finance department of the State Council will be exempt from PRC income tax. The MOF, the STA and the China Securities Regulatory Commission ("CSRC") issued the "Notice on temporary exemption of Corporate Income Tax on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFI" Caishui [2014] No. 79 on 14 November 2014 ("Notice 79"). Notice 79 states that PRC corporate income tax will be imposed on capital gains obtained by QFI from the transfer of PRC equity investment assets (including PRC domestic stocks) realised prior to 17 November 2014 in accordace with laws.

Notice 79 also states that QFIs (without an establishment or place of business in China or having an establishment or place in China but the income so derived in China is not effectively connected with such establishment or place) will be temporarily exempt from corporate income tax on gains realised from trading China "A" Shares effective from 17 November 2014. Also, Notice 79 states that the corporate income tax exemption on gains realised from trading China "A" Shares effective from 17 November 2014 is temporary. As such, as and when the PRC authorities announce the expiry date of the exemption, an Underlying Entity may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on its net asset value.

Aside from the above-mentioned rules, the China tax authorities have not clarified whether income tax and other tax categories are payable on gains arising from trading in securities that do not constitute shares or other equity investments, such as bonds and other fixed income securities, of QFIs. In the absence of specific rules in this regard, the general tax provisions under the CIT Law should apply – such general tax provisions stipulate that a non-resident enterprise without permanent establishment in the PRC would generally be subject to WHT at the rate of 10% on its PRC-sourced gains from the trading of PRC securities, unless exempt under the PRC tax laws and regulations or applicable double tax treaty or arrangement, if any. Pursuant to Article 7 of the Detailed Implementation Regulations of CIT Law, where the property concerned is a movable property, the source shall be determined according to the location of the enterprise, establishment or place which transfers the property. In practice, the PRC tax authorities have not enforced the collection of PRC WHT in respect of gains derived by non-PRC tax resident enterprises from the trading of bonds/ fixed income securities issued by PRC tax resident enterprises. However, there is no written confirmation issued by the PRC tax authorities to confirm that the gains derived by foreign investors on the trading of bonds/fixed income securities issued by the PRC tax resident enterprises are non-PRC sourced. Therefore, the relevant tax authorities may, in the future, clarify the tax position and impose an income tax or withholding tax on realized gains by QFIs from dealing in PRC fixed income securities.

According to CSRC Public Notice [2020] No. 63, the QFI would be permitted to invest in additional asset classes such as depository receipts, bond repos, shares traded on National Equities Exchanges and Quotations, financial futures, options, foreign exchange derivatives, private investment funds, etc., effective from 1 November 2020. There are no specific rules and regulations governing the PRC WHT and VAT on capital gains derived by QFIs from the trading of the new permissible asset classes. It is uncertain whether the capital gains derived by the QFI from trading of the new permissible asset classes would be subject to WHT at 10%. Although the capital gains derived by the QFI from trading of market securities are exempt from VAT, the term "marketable securities" is not defined under tax laws and regulations and it is unclear whether new permissible asset classes would fall within the definition. Therefore, it is uncertain whether the capital gains derived by the QFI from trading of the new permissible asset classes would be subject to VAT. If VAT is payable, there are also other surtaxes (which include urban construction and maintenance tax, education surcharge and local education surcharge) that would also be charged at an amount as high as 12% of the 6% VAT payable.

When such tax is collected by the PRC authorities, the tax liability will be payable by the QFII and/or RQFII. In such event, any tax levied on and payable by the QFII or RQFII will be passed on to and borne by the Underlying Entity to the extent that such tax is indirectly or directly attributable to the Underlying Entity through its holdings of CAAPs, QFII Eligible Securities, or RQFII Eligible Securities. The directors of the Fullerton Lux Funds may at their discretion, provide indemnities on behalf of the Underlying Entity to the QFIIs or RQFIIs in respect of possible capital tax gains imposed by the China tax authorities.

In light of the above, some or all of the QFIIs and RQFIIs may withhold certain amounts in anticipation of China withholding tax on the Underlying Entity's capital gains attributed to the QFIIs and RQFIIs. The amount withheld by the QFIIs or RQFIIs may be held by them for a specified period of time or indefinitely.

The directors of the Fullerton Lux Funds are of the opinion that a reserve may be warranted and may establish such a reserve in respect of an Underlying Entity ("Reserve"). This Reserve is intended to cover potential indirect or direct PRC tax liabilities which may arise from realised gains relating to indirect or direct investments in equity investments in the QFII Eligible Securities or RQFII Eligible Securities being equities prior to 17 November 2014, and realised and/or unrealised gains relating to indirect or direct investments in QFII Eligible Securities or RQFII Eligible Securities other than equities by the Underlying Entity. For potential tax liabilities relating to indirect investments in QFII

Eligible Securities or RQFII Eligible Securities, this would also cover liabilities which are not otherwise covered by amounts withheld by the QFIIs or RQFIIs.

Upon the clarification by the China tax authorities of the tax liability to the advantage of the QFII, RQFII and/or a Underlying Entity, all or part of the Reserve may be rebated to and retained by the Underlying Entity. If the China tax authorities' clarification results in a disadvantageous outcome for the QFII, RQFII and/or the Underlying Entity, the Reserve or withheld amounts by the QFIIs or RQFIIs (the "withheld amounts") may not be enough to cover such indirect or direct China tax liabilities. If the withheld amounts or Reserve is insufficient to satisfy the indirect or direct China tax liabilities, the Underlying Entity may be required to make payment to satisfy such tax liabilities.

Please note that as and when the China tax authorities clarify the position, treatment and implications of taxation of QFIIs and RQFIIs, such implications may have a retrospective effect such that the Net Asset Value of the Underlying Entity may be lower or higher than what was calculated at the relevant time. In addition, before published guidance is issued and is well established in the administrative practice of the China tax authorities, the practices with respect to investments in QFII Eligible Securities or RQFII Eligible Securities may differ from, or be applied in a manner inconsistent with the practices with respect to the analogous investments described herein or any new guidance that may be issued. In this regard, investors who had redeemed their shares in a Fullerton Lux Sub-Fund prior to any credit made into the Underlying Entity due to the China tax authorities' clarification on the tax position of QFIIs or RQFIIs will not have any right or claim to any amount so credited.

If an Underlying Entity is terminated or ceases to exist before the China tax authorities provide clarity, the Reserve may either be retained by or transferred to us on behalf of the Underlying Entity. In this situation, you will have no claim on such amount.

(v) *Stock Connects Risks*

Where an Underlying Entity invests and/or have direct access to certain eligible China "A" Shares via the Stock Connects, it will be subject to the risks as described in Appendix 1, Section 1.

The above is not an exhaustive list of risks to consider before investing. The Fund may be exposed to other risks of an exceptional nature.

Appendix 2 – Information relating to the Fullerton SGD Cash Fund

1. Investment Objective of FSCF

The investment objective of FSCF is to provide investors with liquidity and a return that is comparable to that of the Singapore Dollar Banks Saving Deposits rate.

2. Investment Focus and Approach of FSCF

FSCF intends to hold its assets primarily in Singapore Dollar deposits with eligible financial institutions as defined in the Money Market Funds Investment Guidelines (the "Eligible Financial Institutions")[1], with varying terms of maturity of not more than 366 calendar days.

FSCF may also place deposits of varying maturity tenures exceeding 366 calendar days but not more than 732 calendar days, subject to a maximum of 10% of its Net Asset Value.

The Manager/Underlying Manager will apply the Money Market Funds Investment Guidelines in our management of FSCF. The Manager/Investment Manager presently do not intend to use FDIs for FSCF.

[1] An "eligible financial institution" is presently defined in the Money Market Funds Investment Guidelines as: (i) a financial institution which has a minimum short-term rating of F-2 by Fitch Inc, P-2 by Moody's or A2 by Standard and Poor's (including such sub-categories or gradations therein); or (ii) a financial institution rated other than by the credit rating organisations specified in (i) above for which the Investment Manager has satisfied the Trustee that its short-term rating is comparable to the ratings in (i) above; or ii) a Singapore-incorporated bank licensed under the Banking Act (Chapter 19 of Singapore) which is not rated, but has been approved under the Central Provident Fund Investment Scheme to accept fixed deposits.

3. Specific Risk of Investments in FSCF

The risks set out below are in addition to the general risk factors described in Paragraph 5.1.

(1) Interest Rate Risk

The value of Units of FSCF may fluctuate in response to changes in interest rates. Investments in Singapore Dollar deposits or other high-quality money market instruments and debt securities may decline in value as interest rates change. In general, the prices of fixed income securities rise when interest rate falls, and fall when interest rate rises.

(2) Default Risk

Investments in deposits with financial institutions are subject to adverse changes in the financial conditions of such institutions, or in general economic conditions, or both, which may impair the ability of such institutions to make payments of interest and principal. Such institutions' ability to meet their obligations may also be adversely affected by their operation, performance or winding-up, which may increase the potential for default by such institutions.

(3) Risks of Historical Pricing

Units in FSCF are issued and realised on a historical pricing. The issue and realisation of such Units on a Dealing Day will be based on the Net Asset Value per Unit of FSCF determined as at the close of business on the calendar day immediately preceding that Dealing Day on which Units are issued or realised, or on such day or such other time as may be determined by us with the approval of the Trustee. As such, the Issue and Realisation Prices may not be reflective of the actual Net Asset Value of the Units as at the date of issue or realisation. Any adjustments or shortfalls as a result will be borne by FSCF.

(4) Liquidity Risk

While the objective of FSCF is to provide investors with liquidity, it is subject to the realization gate that limits the total number of Units of FSCF to be realised on each Dealing Day to 25%.

(5) Repurchase Transactions Risk

FSCF is exposed to various risks arising from its engagement in repurchase transactions, including:

- Liquidity risk – If a counterparty cannot settle an obligation for the full value when it is due, FSCF's ability to meet its realisation obligations and other payment commitments may be affected.
- Counterparty/credit risk – This risk occurs if a counterparty defaults on its obligations by becoming insolvent or is otherwise unable to complete a transaction.
- Sufficiency of collateral risk – Following a counterparty's default, FSCF can sell its collateral in the market to raise funds to replace the lent securities. However, the FSCF will suffer a loss if the realised value of the collateral securities is less than the lent securities due to inaccurate pricing of the collateral, market movements or other causes.
- Collateral investment risk – The value of the securities in which the cash collateral is invested may decline due to fluctuations in interest rates or other market-related events.
- Delivery risk – This risk occurs when (i) securities are lent but collateral is not received at the same time or prior to the loan, or (ii) collateral is returned but the loan is not received.
- Operational risk – This is the risk of the custodian or lending agent not administering the transaction as agreed. This includes the failure to mark to market collateralization levels, call for additional margin, or to return excess margin and to post corporate actions and income including all economic benefits of ownership.

The above is not an exhaustive list of risks to consider before investing. The Fund may be exposed to other risks of an exceptional nature.

GLOSSARY OF TERMS

"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.
"Custodian"	means Citibank N.A.
"Custodian of the Underlying Fund"	The custodian of the Underlying Fund is The Hongkong and Shanghai Banking Corporation Limited.
"Deed"	means the deed of trust dated 15 March 2004 (as amended, modified, supplemented or restated from time to time) relating to the Underlying Fund
"Deposited Property"	means all of the assets for the time being comprised in the Fund or deemed to be held upon the trusts of the Deed for account of the Fund excluding any amount for the time being standing to the credit of the distribution account of the Fund.
"Investment"	means any share, stock, bond, note, debenture, debenture stock, warrant, option, securities, unit or sub-unit in a unit trust scheme, participation in a mutual fund or similar scheme, loan convertible into security, money market instrument, loan stock, certificate of deposits, deposits, commercial paper, promissory notes, treasury bills, fixed and floating rate instruments, bankers' acceptance, derivative instruments including index future and forward currency exchange contract, swap, cap, collar, floor, sale and repurchase transaction or other derivatives or financial transaction or instruments or any other security which may be selected by the Manager for the purpose of investment of any Deposited Property or which may for the time being form part thereof.
"Investor"	means the policyholder of the respective PRULink investment-linked life insurance plan.
"Material Proportion"	in relation to the Investments, means such proportion of the Investments which when sold would in the opinion of the Manager in consultation with the Trustee (where applicable) cause the value of that Deposited Property to be significantly reduced.
"NAV"	Net Asset Value.
"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.

"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.
"Trustee of the Underlying Fund"	The Trustee of the Underlying Fund is HSBC Institutional Trust Services (Singapore) Limited.

Prudential Singapore, an indirect wholly-owned subsidiary of UK-based Prudential plc, is one of Singapore's leading life insurance companies. We have been serving the financial needs of Singapore for over 90 years, delivering a suite of product offerings and professional advisory through our network of more than 5,000 financial consultants and our bank partners. We are one of the market leaders in protection, savings and investment-linked plans with S$53.3 billion funds under management as at 31 December 2023.

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