

# Prospectus

## Legg Mason Southeast Asia Special Situations Trust

Dated 28 June 2010  
Valid till 27 June 2011



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# LEGG MASON SOUTHEAST ASIA SPECIAL SITUATIONS TRUST Directory

## **Managers**

Legg Mason Asset Management Singapore Pte. Limited  
(formerly known as Legg Mason International Equities  
(Singapore) Pte. Limited)  
(Company Registration Number: 200007942R)

### Registered address:

50 Raffles Place, #32-01, Singapore Land Tower,  
Singapore 048623

### Business address:

1 George Street, #23-02, Singapore 049145

## **Directors of the Managers**

Tan Keng Sin Patrick (Executive)  
Yong Siew Hoon (Executive)  
Lim Hong Heng Lennie (Executive)  
Terence Andrew Johnson (Non-Executive)  
Thomas John Hirschmann (Non-Executive)  
Joseph Patrick LaRocque (Non-Executive)

## **Trustee/Custodian**

HSBC Institutional Trust Services (Singapore) Limited  
(Company Registration Number: 194900022R)  
21, Collyer Quay, #14-01 HSBC Building, Singapore 049320

## **Auditors**

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

## **Solicitors to the Managers**

Allen & Gledhill LLP  
One Marina Boulevard, #28-00, Singapore 018989

## **Solicitors to the Trustee**

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

# LEGG MASON SOUTHEAST ASIA SPECIAL SITUATIONS TRUST Important Information

The managers of the Legg Mason Southeast Asia Special Situations Trust (the "**Trust**"), Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited) (the "**Managers**"), accept full responsibility for the accuracy of information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Prospectus misleading. Unless otherwise stated, all terms not defined in this Prospectus have the same meanings as used in the deed of trust (as amended) relating to the Trust (the "**Deed**").

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

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

No application has been made for the Units to be listed on any stock exchange.

As the Units are not registered under the United States Securities Act of 1933 (the "**Securities Act**") or under the securities laws of any state of the United States of America ("**US**"), the Units may not be offered or sold 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 a US Person to include, inter alia, any natural person resident in the US 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 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; (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; (iv) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit

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or account of a U.S. Person; and (v) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the US.

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 Securities Act, unless it is formed and owned by “accredited investors” (as defined in Rule 501 (a) under the Securities Act) who are not natural persons, estates or trusts.

Any holder of Units may request the Managers to realise all or part of his holding of Units in accordance with and subject to the provisions of the Deed and as summarised in paragraph 13 of this Prospectus. The Managers’ unit trusts and investment products, except for guaranteed funds, are not obligations of, deposits in, or guaranteed by the Managers or any of their affiliates. An investment in unit trusts and/or other investment products is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that the value of Units and the income from them may fall as well as rise. Past performance figures are not necessarily indicative of future performance of any unit trust.

Some of the information in this Prospectus is a summary of corresponding provisions in the Deed. Potential investors should read the Deed for further details and for further information that is not contained in this Prospectus.

Potential investors should also consider the risks of investing in the Trust which are summarised in paragraph 10 of this Prospectus.

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

# LEGG MASON SOUTHEAST ASIA SPECIAL SITUATIONS TRUST

*The collective investment scheme offered in this Prospectus is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (“SFA”). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “Authority”). The Authority assumes no responsibility for the contents of this Prospectus. The registration of this Prospectus by the Authority does not imply that the SFA or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the Legg Mason Southeast Asia Special Situations Trust (the “Trust”). The meanings of terms not defined in this Prospectus can be found in the deed of trust (as amended) constituting the Trust.*

## **1. Basic Information**

### **1.1 Legg Mason Southeast Asia Special Situations Trust**

The Trust is a Singapore-constituted open-ended unit trust.

### **1.2 Date of Registration and Expiry Date of Prospectus**

The date of registration of this Prospectus with the Authority is 28 June 2010. This Prospectus shall be valid for 12 months after the date of registration (i.e., up to and including 27 June 2011) and shall expire on 28 June 2011.

### **1.3 Trust Deed and Supplemental Deeds**

**1.3.1** The deed of trust relating to the interests being offered for subscription or purchase (the “**Principal Deed**”) is dated 14 January 1998 and the parties to the Principal Deed are Rothschild Asset Management (Singapore) Limited, the retired managers (the “**Retired Managers**”), and DBS Trustee Limited, the retired trustee (the “**Retired Trustee**”).

**1.3.2** The Principal Deed has been amended by a First Supplemental Deed dated 12 March 1998, a Second Supplemental Deed dated 14 July 1998, a Third Supplemental Deed dated 12 January 1999, a Fourth Supplemental Deed dated 10 January 2001, a Fifth Supplemental Deed dated 10 January 2002 entered into between the Retired Managers and the Retired Trustee, a Sixth Supplemental Deed dated 10 January 2002 entered into amongst the Retired Managers, the Retired Trustee and HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”), an Amending and Restating Deed dated 17 January 2003, a Second Amending and Restating Deed dated 1 July 2003, a Third Amending and Restating Deed dated 18 August 2003 entered into between the Retired Managers and the Trustee, a

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Supplemental Deed dated 5 January 2004 entered into amongst the Retired Managers, the Trustee and Legg Mason Asset Management (Asia) Pte Ltd ("**LMAMA**"), a Fourth Amending and Restating Deed dated 7 February 2005, a Fifth Amending and Restating Deed dated 6 February 2006 entered into between LMAMA and the Trustee, a Supplemental Deed dated 28 September 2006 entered into amongst LMAMA, the Trustee and Legg Mason International Equities (Singapore) Pte. Limited (the "**Managers**"), a Sixth Amending and Restating Deed dated 2 July 2007, a Seventh Amending and Restating Deed dated 3 December 2007, an Eighth Amending and Restating Deed dated 1 July 2008, a Ninth Amending and Restating Deed dated 30 June 2009 and a Tenth Amending and Restating Deed dated 28 June 2010 entered into between the Managers and the Trustee.

- 1.3.3** The Principal Deed as amended by the First Supplemental Deed, the Second Supplemental Deed, the Third Supplemental Deed, the Fourth Supplemental Deed, the Fifth Supplemental Deed, the Sixth Supplemental Deed, the Amending and Restating Deed, the Second Amending and Restating Deed, the Third Amending and Restating Deed, the Supplemental Deed dated 5 January 2004, the Fourth Amending and Restating Deed, the Fifth Amending and Restating Deed, the Supplemental Deed dated 28 September 2006, the Sixth Amending and Restating Deed, the Seventh Amending and Restating Deed, the Eighth Amending and Restating Deed, the Ninth Amending and Restating Deed and the Tenth Amending and Restating Deed shall hereinafter be referred to as the "**Deed**".
- 1.3.4** The terms and conditions of the Deed shall be binding on each unitholder (each a "**Holder**" and collectively, the "**Holders**") and persons claiming through such Holder as if such Holder had been a party to the Deed and as if the Deed contained covenants on such Holder to observe and be bound by the provisions of the Deed and an authorisation by each Holder to do all such acts and things as the Deed may require the Managers and/or the Trustee to do.
- 1.3.5** A copy of the Deed is available for inspection at the business office of the Managers at 1 George Street, #23-02, Singapore 049145 during normal business hours and will be supplied by the Managers to any person upon request at a charge of S\$50 per copy of each document.
- 1.3.6** A copy of the latest annual and semi-annual accounts, the auditor's report on the annual accounts and the annual and semi-annual reports relating to the Trust may be obtained from the Managers upon request.

## 2. The Managers

The Managers of the Trust are Legg Mason Asset Management Singapore Pte. Limited (formerly known as Legg Mason International Equities (Singapore) Pte. Limited), whose registered office is at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623.

The Managers are an ultimately wholly-owned subsidiary of Legg Mason, Inc. ("**Legg Mason**"), a U.S. financial services holding company that provides asset management services through its subsidiaries including the Managers. Legg Mason was founded in 1899 and is listed on the New York Stock Exchange, Inc. under the symbol "LM". As of 31 March 2010, Legg Mason was responsible for US\$684.5 billion of assets under management invested in a broad range of financial instruments including global equities, fixed interest securities, and currencies.

The Managers advise and manage an extensive range of investments on behalf of institutions and individuals. Through unit trusts and separate account management, the Managers provide investors with access to global equity, fixed interest and currency investment opportunities that seek to add value and control risk.

The Managers house two divisions, namely, the Legg Mason International Equities ("**LMIE**") division and the Legg Mason Investments ("**LMI**") division. The LMIE division has been rebranded and renamed as Congruix Investment Management. Congruix Investment Management is focused on managing Asian equities and mandates for a broad spectrum of clients, both retail and institutional. The LMI division has also been renamed as Legg Mason International Distribution division and is focused on the distribution of Legg Mason's Singapore domiciled unit trusts and Legg Mason's Luxemburg and Ireland domiciled mutual fund ranges. Congruix Investment Management (through the former LMIE division) has been managing collective investment schemes in Singapore since 1995.

**Past performance of the Managers is not necessarily indicative of their future performance.**

## 3. The Trustee

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

## 4. The Registrar

The registrar of the Trust is the Trustee and the register of Holders (the "**Register**") is kept at 60 Alexandra Terrace, #10-12/13, The Comtech, Singapore 118502 and is accessible to the public during normal business hours. The Register is conclusive evidence of the number of Units held by each Holder and the details in the Register shall prevail in the event of any discrepancy between the

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entries in the Register and the details appearing on any statement of holding, unless the Holder proves to the satisfaction of the Managers and the Trustee that the Register is incorrect.

### 5. The Auditors

The auditors of the accounts relating to the Trust are PricewaterhouseCoopers LLP whose registered office is at 8 Cross Street, #17-00 PWC Building, Singapore 048424 (the "**Auditors**").

### 6. Structure of the Trust

The Trust is a stand-alone open-ended unit trust and has no fixed duration.

### 7. CPFIS Included Scheme

The Trust is included under the CPF Investment Scheme ("**CPFIS**") for investment by CPF members. It has been classified by the CPF Board under the risk classification of "**Higher Risk / Narrowly Focused (Asian Region Stocks)**".

The CPF interest rate for the CPF Ordinary Account is based on the 12-month fixed deposit and month-end savings rates of the major local banks. Under the Central Provident Fund Act, Chapter 36 of Singapore ("**CPF Act**"), the CPF Board pays a minimum interest of 2.5% per annum when this interest formula yields a lower rate.

The interest rate for the Special and Medisave Accounts (SMA) is pegged to the 12-month average yield of 10-year Singapore government securities (10YSGS) plus 1%. From 1 January 2010, the interest rate to be credited to the Retirement Account (RA) will be the weighted average interest of the entire portfolio of Special Government Securities (SSGS) the RA savings are invested in which earn a fixed coupon equal to the 12-month average yield of the 10YSGS plus 1% of the point of issuance. For 2010, the minimum interest rate for the SMA and RA is 4.0% per annum. After 31 December 2010, the 2.5% per annum minimum interest rate, as prescribed by the CPF Act, will apply to the SMA and RA.

In addition, the CPF Board will pay an extra interest rate of 1% per annum on the first S\$60,000 of a CPF member's combined balances, including up to S\$20,000 in the CPF Ordinary Account. The first S\$20,000 in the CPF Ordinary Account and the first S\$30,000 in the CPF Special Account may not be invested under the CPFIS. With effect from 1 July 2010, the first S\$40,000 in the CPF Special Account will not be allowed to be invested under the CPFIS.

Investors should note that the applicable interest rates for each of the CPF accounts may be varied by the CPF Board from time to time.

Subscriptions using CPF monies shall at all times be subject to *inter alia* the regulations and such directions or requirements imposed by the CPF Board from time to time.

## **8. Investment Objective, Focus and Approach**

### **8.1 Investment Objective**

The objective of the Trust is to achieve medium to long-term capital appreciation by investing at least 70% of the Trust in securities issued by companies that are incorporated, domiciled or listed, or have a significant economic interest, in South and South-East Asia countries.

### **8.2 Scope of Investment and Risk Controls**

**8.2.1** The Managers intend to place an emphasis on Asian “Special Situation” companies (that is, those companies which have yet to gain the attention of the market) demonstrating strong secular growth trends, reflecting the rich investment opportunities in the Asian region. Emphasis is placed on identifying the best investment opportunities and on calibration of the right investment weight to develop a focused and yet adequately diversified portfolio. Examples of “Special Situations” can include corporate restructuring or re-engineering, management change, new product introduction or innovation, new business injections and changes in the regulatory and business environment.

The Managers view the Asian markets as dynamic, high-growth and rapidly expanding. The Managers believe that a combination of rapid market expansion and consolidation of the sell-side community has resulted in a growing section of the market being under-researched. The Managers have found that companies with large capitalizations (i.e. large-cap stocks) have extensive coverage from the sell-side community while middle capitalization companies (i.e. mid-cap stocks) and small capitalization companies (i.e. small-cap stocks) are under-covered by sell-side community. As a result, the Managers’ strategy when investing in large-cap stocks is to use a systematic, thematic approach in information gathering and analysis to capture periodic market mis-pricing in the large-cap stocks areas where there are sufficient market signals and data points available. The Managers intend to devote more of their internal research resources to seek out and analyze mid-cap and small-cap stocks where opportunities for significant securities mis-pricing are more abundant.

**8.2.2** The Managers will observe the investment restrictions listed in the CPF Regulations or otherwise in respect of a unit trust approved under the CPF Investment Scheme and the investment restrictions set out in paragraph 20.4 in this Prospectus.

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- 8.2.3** Whilst the Managers may from time to time enter into foreign exchange transactions to manage the Trust's currency exposure, in practice over the longer term, the Managers will generally maintain an unhedged strategy applying tactical, or shorter term currency hedges, only in extreme market conditions.
- 8.2.4** Borrowings may be effected on behalf of the Trust, of up to 10% of the Singapore Dollar equivalent of the Trust's total value. Such borrowing or gearing is unlikely to take place under normal market conditions.
- 8.2.5** To assist diversification of corporate risk exposure, investment in any one corporation or body or issuer will be restricted to 10% of the total value of the Trust.
- 8.2.6** Besides equities, the Managers may invest in bonds and other debt securities and cash.
- 8.2.7** The Managers will not invest more than 10% of the total value of the Trust in foreign unit trusts and mutual funds without the prior approval of the relevant authorities.
- 8.2.8** The Managers currently do not invest in derivatives and/or engage in securities lending although they are permitted to do so.

### **8.3 Why Invest in South and South-East Asia "Special Situations" Companies?**

- 8.3.1** An opportunity for investors to diversify their investments across South and South-East Asian stock markets approved for investment by the CPF Board.
- 8.3.2** As South and South-East Asian economies restructure to meet the challenges of global competition, companies that reengineer and reposition for the future may emerge stronger than before.
- 8.3.3** Companies which are categorised as "Special Situations" may exhibit some of the following characteristics:
- (i) their share prices are considered by investors to have fallen for unwarranted reasons or have been oversold at below realistic values due to a general market decline and may be subject to renewed investor interest and a share price recovery;
  - (ii) their value can be "unlocked" through, for example, corporate restructuring which may provide the prospect of share price appreciation; and
  - (iii) their share prices may benefit from a change in their local regulatory environment.

**Any prediction, projection or forecast made is not necessarily indicative of the future or likely performance of the Trust.**

## 8.4 Who Should Invest in the Trust?

- 8.4.1** When it comes to savings and investments, every investor has different needs, objectives and time horizons and should consider the Trust accordingly.
- 8.4.2** Over 3 - 5 years, the potential expected returns from equities are usually higher than those from bonds and bank deposit rates. "Special Situations" companies, whilst offering higher rewards potentially, may also be prey to higher risks. The Trust may be suitable for those investors who are able to tolerate a degree of volatility.
- 8.4.3** The Trust may appeal to those investors who want the opportunity to diversify their investible CPF funds more widely across South and South-East Asia.
- 8.4.4** The Trust may also appeal to those who want to take advantage of the "Special Situations" companies in South and South-East Asia but lack professional experience to invest themselves.

## 9. Fees and Charges

### Legg Mason Southeast Asia Special Situations Trust

| <b>Charges and Fees Payable by Holder</b>            |   |
|--|---|
| Preliminary Charge                                   | Currently 5% (in respect of subscriptions using cash and SRS monies) and 3% (in respect of subscriptions using CPF monies). Maximum 5%.                                     |
| Realisation Charge                                   | Currently nil. Maximum 2%.  |
| <b>Fees Payable by Trust to Managers and Trustee</b> |   |
| Annual Management Fee                                | Currently 1.5% p.a. Maximum 1.5% p.a.   |
| Annual Trustee Fee                                   | Currently 0.125% p.a. on 1 <sup>st</sup> S\$10 million. 0.075% p.a. on balance of S\$10 million and above. Maximum 0.25% p.a. subject always to a minimum of S\$15,000 p.a. |

The Managers' approved distributors or agents may differentiate between investors as to the amount of the preliminary charge or realisation charge payable (subject to the maximum permitted), or allow discounts on the basis or scale that the approved distributors or agents think fit.

As required by the Code on Collective Investment Schemes issued by the Authority on 23 May 2002 (as may be amended from time to time) (the "**Code**"), all marketing, promotional and advertising

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expenses in relation to the Trust will be borne by the Managers and not charged to the Deposited Property (as defined in the Deed) of the Trust.

## 10. Risks

### 10.1 General risks

Before investing in the Trust, investors should consider and satisfy themselves as to the risks of investing in “Special Situations” companies. Generally, some of the risk factors that should be considered by the investors in the Trust are economic, political, foreign exchange, regulatory, repatriation, issuer and derivative risks.

An investment in the Trust is meant to produce returns over the long term. Investors should not expect to obtain short-term gains from such investment.

Investors should be aware that the price of Units, and the income from them, may fall or rise. Investors may not get their original investment amount back.

### 10.2 Specific risks

The following are some of the risk factors that should be considered by the investors in the Trust:

**10.2.1** Prices of securities may go up or down in response to changes in economic conditions, political conditions, interest rates and the market’s perception of securities which in turn may cause the price of Units to rise or fall.

**10.2.2** The Managers will place emphasis on investment in the securities of companies in “Special Situations” as referred to in paragraphs 8.2 and 8.3 which may present greater opportunities for capital appreciation but may also involve greater risk than is customarily associated with the securities of more stable and established companies.

**10.2.3** The geographical spread of the Trust’s investments across South and South-East Asia will mean that the Trust’s assets and income will be denominated in a number of different currencies other than the Singapore dollar and thus fluctuations in foreign exchange rates, which are unpredictable, may have an impact on the income and the valuation of the assets in the Trust. Whilst the Managers may from time to time enter into foreign exchange transactions to manage the Trust’s currency exposure, in practice over the longer term, the Managers will generally maintain an unhedged strategy applying tactical, or shorter term currency hedges, only in extreme market conditions.

- 10.2.4** The Trust's investments in some markets may also be subjected to liquidity, regulatory and repatriation risks, as well as risks associated with the lack of disclosure of information.
- 10.2.5** Issuers of bonds and other debt securities held by the Trust may default on their obligations.
- 10.2.6** The Trust may, subject to applicable investment guidelines in the Code and the Deed, invest in derivative instruments from time to time for purposes of hedging and/or efficient portfolio management. Derivative instruments are financial contracts which value depends on, or is derived from the value of an underlying asset, reference rate or index, which may include bonds, shares, interest rates, currency exchange rates, bond indices and stock indices. While the judicious use of derivatives by professional investment managers can be beneficial, derivatives involve risks different from, and, in some cases, greater than, the risks presented by more traditional securities investments. Some of the risks associated with derivatives are market risks, management risks, credit risks, liquidity risks and leverage risks. The value of derivative instruments is subject to market risks and may fall in value as rapidly as it may rise and it may not always be possible to dispose of such instruments during such fall in value. In such a situation, the cost incurred in obtaining the derivatives may not be recoverable. Investments in derivatives may require the deposit of initial margin and additional margins on short notice, if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the Trust's investment positions may be liquidated at a loss.

Please refer to paragraph 20.8 for a description of the risk management and compliance procedures and controls adopted by the Managers to control and manage the risks relating to the use of financial derivatives.

**The above should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in the Trust.**

## **11. Subscription of Units**

### **11.1 Subscription procedure**

Applications for Units may be made through any agent or distributor appointed by the Managers or through their ATMs, if applicable. Investors who purchase Units using CPF monies may not be registered as joint Holders of Units.

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Investors may pay for Units either with cash, Supplementary Retirement Scheme (“**SRS**”) monies or CPF monies. Investors paying with SRS monies will instruct the relevant SRS operator bank to withdraw from his SRS account monies in respect of the Units applied for.

Investors wishing to use their CPF monies to purchase Units shall indicate so on the application form. Further, the application form contains the applicant’s instructions or authorisation to the CPF Board or the investor’s CPF agent bank (as the case may be) to withdraw from the investor’s CPF Ordinary Account such purchase monies in respect of the Units applied for. There are also further instructions on the application form to the applicant’s CPF agent bank to debit the investor’s CPF Investment Account for the settlement of the investor’s purchase of Units.

No transfer is permitted in respect of Units purchased with SRS monies or CPF monies.

**11.2 Minimum initial subscription amount and minimum subsequent subscription amount**

The minimum initial subscription amount is S\$1,000 and the minimum subsequent subscription amount is S\$100.

**11.3 Dealing cut-off time and pricing basis**

**11.3.1** As Units are issued on a forward pricing basis, the issue price of Units shall not be ascertainable at the time of application. In buying Units, applicants pay a fixed amount of money e.g., S\$1,000, which will buy the applicant the number of Units (including fractions of Units) obtained from dividing S\$1,000 (less any preliminary charge) by the issue price when it has been ascertained later. The dealing cut-off time is 5 p.m. Singapore time on a Dealing Day<sup>1</sup>. Units in respect of applications received and accepted by the Managers before the dealing cut-off time will be issued at that Dealing Day’s issue price calculated in accordance with the provisions of the Deed (as summarised in paragraph 11.3.2 below). Applications received after the dealing cut-off time or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day.

**11.3.2** The issue price of a Unit on any Dealing Day is ascertained as follows:

- (i) by calculating the Value (calculated in accordance with the valuation principles set out in Clause 1(A) of the Deed including valuation of Authorised

<sup>1</sup> A “**Dealing Day**” in connection with the issuance and realisation of Units, means every Business Day or such Business Day or Business Days at such intervals as the Managers may from time to time determine provided that reasonable notice of any such determination shall be given by the Managers to all Holders at such time and in such manner as the Trustee may approve. A “**Business Day**” means any day (other than a Saturday, Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore.

Investments as reproduced in paragraph 20.7 in this Prospectus) of the proportion of the Deposited Property representing one Unit as at the Valuation Point<sup>2</sup> either in respect of the first Dealing Day preceding the date of issue of such Unit or in respect of the Dealing Day on which such issue occurs, as the Managers may determine after consultation with the Trustee;

- (ii) by adding the appropriate Fiscal and purchase charges<sup>3</sup>; and
- (iii) by determining the resultant total up to four decimal places and rounding such figure to the nearest three decimal places (or such number of decimal places as the Managers may from time to time decide)

**11.3.3** The preliminary charge will be retained by the Managers' approved agents or distributors and the amount of the aforesaid adjustment shall be credited to the Trust.

#### 11.4 Numerical example of how Units are allotted

The number of Units allotted based on an investment amount of S\$1,000 and a notional issue price of S\$1.000 and assuming a 5% preliminary charge is calculated as follows:

e.g.

|                               |   |                             |   |                             |   |                         |   |                                |
|-------------------------------|---|-----------------------------|---|-----------------------------|---|-------------------------|---|--------------------------------|
| S\$1,000.00                   | - | S\$50                       | = | S\$950.00                   | / | S\$1.000                | = | 950 Units                      |
| Gross<br>investment<br>amount |   | 5%<br>Preliminary<br>Charge |   | Net<br>investment<br>amount |   | Notional<br>issue price |   | Number<br>of Units<br>allotted |

Investors should note that the actual issue price per Unit will vary daily in line with the net asset value of the Trust. The above example is purely hypothetical and is not a forecast or indication of any expectation of performance of the Trust.

#### 11.5 Confirmation of purchase

A confirmation note detailing the investment amount and the number of Units allocated to investors in the Trust will be sent within 14 Business Days from the date of issue of Units.

<sup>2</sup> The "Valuation Point" means 7 a.m. Singapore time on the day following the relevant Dealing Day on which the Value of the Deposited Property is to be determined or such other time on a Dealing Day or such other day as the Managers may from time to time determine after consultation with the Trustee and the Managers shall notify the Holders of such change if required by the Trustee.

<sup>3</sup> "Fiscal and purchase charges" means, *inter alia*, all stamp and other duties, taxes (including GST), governmental charges, brokerage, commissions, bank charges, transfer fees, registration fees and other duties and charges in connection with the issue and purchase of Units.

**Prospectus****11.6 Cancellation of Units by Investors**

First-time investors shall, subject to Clause 12A of the Deed and to the cancellation terms and conditions contained in the notice to cancel form, have the right to cancel their subscription of Units within seven (7) calendar days from the date of subscription of Units (or such longer period as may be agreed between the Managers and the Trustee or such other period as may be prescribed by the Authority) by providing notice in writing to the Managers or their authorised distributors. Full details relating to the cancellation of Units may be found in the cancellation terms and conditions contained in the notice to cancel form.

**12. Regular Savings Plan**

A regular savings plan is not made available to investors in Singapore by the Managers. The Singapore agents or distributors of the Trust may, at their own discretion, offer regular savings arrangements for the benefit of investors in Singapore. Information on such regular savings arrangements, such as the minimum periodic contributions, timing of the investment deduction and Unit allocation, may be obtained from such Singapore agents or distributors. The terms of such regular savings arrangements will provide that Holders may cease participation in such arrangements without suffering any penalty by providing not less than 30 days' notice in writing to the relevant Singapore agent or distributor.

**13. Realisation of Units****13.1 Realisation procedure**

Holders may realise their Units on any Dealing Day. Units in respect of realisation forms received and accepted by the Managers by 5 p.m. Singapore time on a Dealing Day shall be realised at that Dealing Day's realisation price calculated in accordance with the provisions of the Deed (as summarised in paragraph 13.3.3 below). Realisation requests received after the dealing cut-off time or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day.

Holders should note that the Managers may, with the approval of the Trustee, limit the total number of Units which Holders may realise on any Dealing Day to 10% of the total number of Units then in issue. If so, requests for realisation of Units on that Dealing Day will be reduced rateably and be treated as if made in respect of each subsequent Dealing Day until all Units to which the original request related have been realised.

**13.2 Minimum holding and minimum realisation amount**

The minimum holding is 1,000 Units or the number of Units which were or would have been purchased for S\$1,000 by the relevant Holder at the prevailing issue price at the time of his initial subscription or purchase of Units or such other number or amount

as may from time to time be determined by the Managers upon giving prior notice to the Trustee and as permitted by the relevant authorities. The minimum realisation amount is 100 Units.

### 13.3 Dealing cut-off time and pricing basis

**13.3.1** The dealing cut-off time in relation to each Dealing Day is 5 p.m. Singapore time on such Dealing Day.

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

**13.3.3** The realisation price of a Unit on any Dealing Day is ascertained as follows:

- (i) by calculating the Value (calculated in accordance with the valuation principles set out in Clause 1(A) of the Deed including valuation of Authorised Investments as reproduced in paragraph 20.7 in this Prospectus) of the proportion of the Deposited Property representing one Unit as at the Valuation Point either in respect of the first Dealing Day preceding the date of the receipt of the realisation request or in respect of the Dealing Day on which the realisation request is received, as the Managers may determine after consultation with the Trustee;
- (ii) by deducting therefrom the appropriate Fiscal and sale charges<sup>4</sup>; and
- (iii) by determining the resultant total up to four decimal places and rounding such figure to the nearest three decimal places (or such number of decimal places as the Managers may from time to time decide).

Realisation proceeds shall be net of the prevailing realisation charge. The realisation charge, if any, shall be retained by the Managers and the amount of the aforesaid adjustment shall be credited to the Trust.

### 13.4 Numerical example of realisation

The amount payable to Holders on a realisation, based on the realisation of 1,000 Units and a notional realisation price of S\$0.950 and assuming a 0% realisation charge, is calculated as follows:

e.g.

$$1,000 \text{ Units} \times \text{S\$}0.950 = \text{S\$}950.00 - \text{S\$}0.00 = \text{S\$}950.00$$

<sup>4</sup> "Fiscal and sale charges" means, *inter alia*, all stamp and other duties, taxes (including GST), governmental charges, brokerage, commissions, bank charges, transfer fees, registration fees and other duties and charges in connection with the sale of Units but does not include commissions payable to agents on sales and repurchases of Units.

**Prospectus**

| Realisation request | Notional realisation price | Gross realisation proceeds | Realisation charge | Net realisation proceeds |
|---------------------|----------------------------|----------------------------|--------------------|--------------------------|
|---------------------|----------------------------|----------------------------|--------------------|--------------------------|

Investors should note that the actual realisation price per Unit will vary daily in line with the net asset value of the Trust. The above example is purely hypothetical and is not a forecast or indication of any expectation of performance of the Trust.

**13.5 Payment of realisation proceeds**

For Units purchased with cash, realisation proceeds shall normally be paid by cheque usually within six (6) Business Days (or within such other period as may be permitted by the Authority) of receipt and acceptance of the realisation form by the Managers unless the realisation of Units has been suspended in accordance with paragraph 15.

For Units purchased with SRS monies, realisation proceeds shall be paid to the Holder's SRS operator bank usually within six (6) Business Days (or within such other period as may be permitted by the Authority) of receipt and acceptance of the realisation form by the Managers unless realisation of Units has been suspended in accordance with paragraph 15.

For Units purchased with CPF monies, realisation proceeds shall be paid to the Holder's CPF agent bank or the CPF Board (as the case may be) usually within six (6) Business Days (or within such other period as may be permitted by the Authority) of receipt and acceptance of the realisation form by the Managers unless the realisation of Units has been suspended in accordance with paragraph 15.

**14. Obtaining Prices of Units**

The indicative net asset value of the Units is published on any day on the Managers' website at <http://www.leggmason.com.sg>, in The Straits Times (only CPFIS included funds are listed), The Business Times, Teletext and Bloomberg. The actual net asset value of the Units is normally published two (2) Business Days after the relevant Dealing Day. The issue and realisation prices of the Units will be calculated as described in paragraphs 11.3 and 13.3.

**Investors should note that the Managers do not accept any responsibility for any errors on the part of the publisher in the prices published in the abovementioned publications or for any non-publication of prices by such publisher and shall incur no liability in respect of any action taken or loss suffered by investors in reliance upon such publications.**

**15. Suspension of Dealing**

**15.1** The Managers may, after consultation with the Trustee, suspend the issue and/or realisation of Units during:

- 15.1.1** any period when the Recognised Exchange (as defined in the Deed) or OTC Market (as defined in the Deed) on which any Authorised Investments<sup>5</sup> forming part of Deposited Property for the time being are listed or dealt in is closed (otherwise than for ordinary holidays) or during which dealings are restricted or suspended;
  - 15.1.2** the existence of any state of affairs which, in the opinion of the Managers might seriously prejudice the interests of the Holders as a whole or of the Deposited Property;
  - 15.1.3** any breakdown in the means of communication normally employed in determining the price of any of such Authorised Investments or the current price on that Recognised Exchange or OTC Market or when for any reason the prices of any of such Authorised Investments cannot be promptly and accurately ascertained (including any period when the fair value of a material portion of the Authorised Investments cannot be determined);
  - 15.1.4** any period when remittance of money which will or may be involved in the realisation of such Authorised Investments or in the payment for such Authorised Investments cannot, in the opinion of the Managers, be carried out at normal rates of exchange;
  - 15.1.5** any 48-hour period (or such longer period as the Managers and the Trustee may agree) prior to the date of any meeting of Holders (or any adjourned meeting thereof);
  - 15.1.6** any period where dealing in Units is suspended pursuant to any order or direction of the Authority; or
  - 15.1.7** any period when the business operations of the Managers or the Trustee in relation to the operations of the Trust are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God,
- 15.2** Such suspension shall take effect forthwith upon the declaration in writing thereof to the Trustee by the Managers and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorised under Clause 10(G) or Clause 13(F)(ii) of the Deed (as reproduced in paragraph 15.1 above) shall exist upon the declaration in writing thereof by the Managers or on the day immediately following the day falling twelve (12) weeks from the date of the declaration of such suspension, whichever is earlier.

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<sup>5</sup> "Authorised Investments" means any Investment or other property, assets or rights for the time being approved by the relevant competent authority in Singapore for investment by CPF members under the CPFIS.

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**15.3** The Trustee may also instruct the Managers to temporarily suspend the issue and realisation of Units during any period of consultation or adjustment of the issue and realisation price arising from the provisions of Clause 10(B)(iv) and Clause 13(F)(ii) of the Deed respectively. Such suspension shall take effect forthwith upon the declaration in writing thereof to the Managers by the Trustee and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorised under Clause 10(B)(iv) and Clause 13(F)(ii) of the Deed (as the case may be) shall exist upon the declaration in writing thereof by the Trustee.

**16. Performance of the Trust****16.1 Past performance of the Trust and benchmark (as of 30 April 2010)**

|   | One year | Three years                        | Five years | Ten years | Since inception |
|---|----------|------------------------------------|------------|-----------|-----------------|
|   |          | (average annual compounded return) |            |           |                 |
| Trust <sup>1</sup>  | 79.95%   | -2.68%                             | 14.52%     | 6.46%     | 11.66%          |
| Morgan Stanley Capital International All Countries Far East ex Japan (ex China, Hong Kong, Taiwan and Korea) Index <sup>2</sup> | 58.07%   | 3.04%                              | 13.32%     | 6.51%     | 4.72%           |

Notes:

1. Source (performance calculation of the Trust): Lipper. Performance calculation of the Sub-Fund is based on NAV to NAV (single pricing basis taking into account Preliminary Charge and Realisation Charge) with net dividends reinvested, Singapore Dollars. Return presented for a period exceeding one year is on an average annual compounded basis.

Inception date of the Trust is 2 March 1998.

2. Source (performance calculation of the benchmark): Legg Mason. Performance calculation of the benchmark is based on NAV to NAV with net dividends re-invested, Singapore Dollars.

**The past performance of the Trust is not necessarily indicative of its future performance.**

## 16.2 Expense ratio

The expense ratio of the Trust (calculated in accordance with the guidelines issued by the Investment Management Association of Singapore on the disclosure of expense ratios and based on figures in the Trust's latest audited accounts) for the financial period ended 31 March 2010 is 1.81%. The following expenses (where applicable) are excluded from the calculation of the expense ratio:

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

## 16.3 Turnover ratio

The turnover ratio is calculated based on the lesser of purchases or sales expressed as a percentage over the average net asset value of the assets of the Trust, i.e. average daily net asset value over the same period used for calculating the expense ratio. The turnover ratio for the one year period ended 31 March 2010 is 164.40%.

## 17. Soft Dollar Commissions/Arrangements

The Managers currently receive and enter into soft-dollar commissions/arrangements in respect of the Trust. The Managers will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Managers receive include specific advice as to the advisability of dealing in, or the value of any investments, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis, and custodial service in relation to the investments managed for clients.

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

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The Managers will not accept or enter into soft dollar commissions/arrangements unless such soft-dollar commissions/arrangements would, in the opinion of the Managers, assist the Managers in their management of the Trust, provided that the Managers 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 that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions/arrangements.

**18. Conflicts of Interest**

**18.1** The Managers may from time to time have to deal with competing or conflicting interests of the Trust with other funds managed by the Managers. For example, the Managers may make a purchase or sale decision on behalf of some or all of the other funds managed by them without making the same decision on behalf of the Trust, as a decision whether or not to make the same investment or sale for the Trust depends on factors such as the cash availability and portfolio balance of the Trust. However, the Managers will use reasonable endeavours at all times to act fairly and in the interests of the Trust. In particular, after taking into account the availability of cash and relevant investment guidelines of the other funds managed by the Managers, the Managers will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the Trust and the other funds managed by the Managers.

**18.2** The factors which the Managers will take into account when determining if there are any conflicts of interest as described in paragraph 18.1 above include the assets and, where applicable, the debt securities of the Trust. To the extent that another fund managed by the Managers intends to purchase substantially similar assets, the Managers will ensure that the assets are allocated fairly and proportionately and that the interests of all investors are treated equally between the Trust and the other funds.

**18.3** The Managers may from time to time act as investment manager or investment adviser in relation to, or be otherwise involved in, other funds which have similar investment objectives to those of the Trust. It is, therefore, possible that it may, in the course of business, have potential conflicts of interests with the Trust. The Managers will, at all times, have regard in such event to their obligations to the Trust and will ensure that such conflicts are resolved fairly. In addition, the Managers and each of their affiliated entities will, at all times, have regard to their obligations to the Trust and shall ensure that in any transaction carried out with the Trust, any such transaction will be carried out as if effected on normal commercial terms negotiated at arm's length.

**18.4** The Managers or the Trustee may own, hold, dispose or otherwise deal with Units as though they were not a party to the Deed. In the event of any conflict of interest arising as a result of that

dealing, the Managers and the Trustee, following consultation, will resolve the conflict in a just and equitable manner as they deem fit.

- 18.5** Associates of the Trustee may be engaged to provide financial, banking or brokerage services to the Trust. Such services, where provided, will be on an arm's length basis.

## **19. Reports**

### **Financial year-end and distribution of reports and accounts**

The financial year-end for the Trust is 31 March. The annual report, annual accounts and the auditor's report on the annual accounts will be prepared and sent to the Holders within 3 months of the financial year-end (or such other period as may be permitted by the Authority). The semi-annual report and semi-annual accounts will be prepared and sent to the Holders within 2 months of the financial half-year end (or such other period as may be permitted by the Authority).

## **20. Other Material Information**

### **20.1 Information on Investments**

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

### **20.2 Liabilities and Indemnities**

The following is an extract from the Deed. For full information on such liabilities and indemnities, please refer to the Deed:

**20.2.1** The Trustee and the Managers shall incur no liability in respect of any action taken or thing suffered by them in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties provided that it or they have acted in good faith, without negligence and with due care.

**20.2.2** The Trustee and the Managers shall incur no liability to the Holders for doing or (as the case may be) failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (whether legally or otherwise) either they or any of them shall be directed or requested to do or perform or to

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forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out any of the provisions of the Deed neither the Trustee nor the Managers shall be under any liability therefor or thereby.

- 20.2.3** Neither the Trustee nor the Managers shall be responsible for any authenticity of any signature or of any seal affixed to any transfer or form of application, endorsement or other document (whether sent by mail, facsimile, electronic means or otherwise) affecting the title to or transmission of Units or be in any way liable for any forged or unauthorised signature on or any seal affixed to such endorsement, transfer or other document or for acting upon or giving effect to any such forged or unauthorised signature or seal. The Trustee and the Managers respectively shall nevertheless be entitled but not bound to require that the signature of any Holder to any document required to be signed by him under or in connection with the Deed shall be verified to its or their reasonable satisfaction.
- 20.2.4** Any indemnity expressly given to the Trustee or the Managers in the Deed is in addition to and without prejudice to any indemnity allowed by law; provided nevertheless that any provision of the Deed shall be void insofar as it would have the effect of exempting the Trustee or the Managers from or indemnifying them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or trust of which they may be guilty in relation to their duties where they fail to show the degrees of diligence and care required of them having regard to the provisions of the Deed.
- 20.2.5** The Trustee may act upon any advice of or information obtained from the Managers or any bankers, accountants, brokers, lawyers, agents or other persons acting as agents or advisers of the Trustee or the Managers and the Trustee shall not be liable for anything done or omitted or suffered in reliance upon such advice or information, provided it has acted in good faith, without negligence and with due care. The Trustee shall not be responsible for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of any such banker, accountant, broker, lawyer, custodian, joint custodian or sub-custodian, agent or other person as aforesaid or of the Managers, provided the Trustee has acted in good faith, without negligence and with due care. Any such advice or information may be obtained or sent by letter, electronic mail or facsimile and the Trustee shall not be liable for acting on any advice or information purported to be conveyed by any such letter, electronic mail or facsimile although the same contains some error or is not authentic.

**20.2.6** The Trustee shall not be under any liability on account of anything done or suffered to be done by the Trustee in good faith in accordance with or in pursuance of any request or advice of the Managers (or the delegates or distributors appointed by the Managers). Whenever pursuant to any provision of the Deed by certificate, notice, instruction or other communication is to be given by the Managers (or the delegates or distributors appointed by the Managers) to the Trustee the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Managers (or the delegates or distributors appointed by the Managers) by any one person whose signature the Trustee is for the time being authorised by the Managers (or the delegates or distributors appointed by the Managers) under their common seal to accept and may act on verbal, electronic and facsimile instructions given by authorised officers of the Managers (or the delegates or distributors appointed by the Managers) specified in writing by the Managers (or the delegates or distributors appointed by the Managers) to the Trustee.

**20.2.7** The Trustee (or the Managers or their agents with the approval of the Trustee) shall (subject as hereinafter provided) be entitled to destroy all distribution mandates which have been cancelled or lapsed at any time after the expiration of one year from the date of cancellation or lapse thereof and all notifications of change of address after the expiration of one year from the date of the recording thereof and all forms of proxy in respect of any meeting of Holders one year from the date of the meeting at which the same are used and all registers, statements and other records and documents relating to the Trust at any time after the expiration of six years from the termination of the Trust. Neither the Trustee nor the Managers nor their agents shall be under any liability whatsoever in consequence thereof and unless the contrary be proved every document so destroyed shall be deemed to have been a valid and effective instrument duly and properly registered and every other document hereinbefore mentioned so destroyed shall be deemed to have been a valid and effective document in accordance with the recorded particulars thereof. Provided Always That:

- (i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (ii) nothing in this paragraph 20.2.7 shall be construed as imposing upon the Trustee or the Managers or other agents any liability in respect

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of the destruction of any document earlier than as aforesaid or in any case where the conditions of paragraph 20.2.7 (i) above are not fulfilled; and

- (iii) references herein to the destruction of any document include references to the disposal thereof in any manner.

### 20.3 Distribution of Income and Capital

Distribution of income and capital will be at the Managers' sole discretion.

### 20.4 Investment Restrictions and Borrowing Limits

**20.4.1** The Managers will ensure compliance with the CPF Investment Guidelines for CPFIS Included Funds issued by the CPF Board on 15 September 2003, as the same may be amended, restated, supplemented or replaced from time to time.

**20.4.2** In addition, the Managers will ensure compliance with any investment and borrowing restrictions set out in Appendix 1 and Annex 1a of the Code (read with Annex 1b of the Code), as the same may be amended, restated, supplemented or replaced from time to time.

### 20.5 Holder's Right to Vote

A meeting of Holders duly convened and held in accordance with the provisions of the Schedule to the Deed shall be competent by Extraordinary Resolution:

**20.5.1** to sanction any modification, alteration or addition to the provisions of the Deed which shall be agreed by the Trustee and the Managers as provided in Clause 37 of the Deed;

**20.5.2** to sanction a supplemental deed increasing the maximum permitted percentage of the management participation and/or the remuneration payable to the Trustee as provided in Clause 23(B) of the Deed;

**20.5.3** to terminate the Trust as provided in Clause 34(F) of the Deed;

**20.5.4** to remove the Auditors as provided in Clause 30(D) of the Deed;

**20.5.5** to remove the Trustee as provided in Clause 31(C)(iii) of the Deed;

**20.5.6** to remove the Managers as provided in Clause 32(A)(iv) of the Deed;

**20.5.7** to direct the Trustee to take any action (including the termination of the Trust) pursuant to Section 295 of the SFA; and

**20.5.8** to sanction and approve any matter tabled to them by the Managers and/or the Trustee at any extraordinary general meeting of the Trust,

but shall not have any further or other powers.

## **20.6 Termination of the Trust**

**20.6.1** The Trust is of indeterminate duration and may be terminated as provided in Clause 34 of the Deed.

**20.6.2** Either the Trustee or the Managers may in their absolute discretion terminate the Trust by not less than three months' notice in writing to the other given so as to expire at the end of the Accounting Period current at the end of the tenth year after the date of the Principal Deed or any year thereafter. Either the Trustee or the Managers shall be entitled by notice in writing to make the continuation of the Trust beyond any such date conditional on the revision to its or their satisfaction at least three months before the relevant date of its or their remuneration. In the event that the Trust shall fall to be terminated or discontinued the Managers shall give notice thereof to all Holders not less than three months in advance. Subject as aforesaid the Trust shall continue until terminated in the manner hereinafter provided in paragraphs 20.6.3 to 20.6.6.

**20.6.3** Subject to Section 295 of the SFA, the Trust may be terminated by the Trustee by notice in writing in any of the following events, namely:

- (i) if the Managers shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of their assets or if a judicial manager is appointed in respect of the Managers or if any encumbrancer shall take possession of any of their assets or if they shall cease business;
- (ii) if any law shall be passed, any authorisation withdrawn or revoked or the Authority issues any direction which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust; or

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- (iii) if within the period of three months from the date of the Trustee expressing in writing to the Managers the desire to retire the Managers shall have failed to appoint a new trustee within the terms of Clause 31 of the Deed.

The decision of the Trustee in any of the events specified in this paragraph 20.6.3 shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate the Trust pursuant to this paragraph 20.6.3 or otherwise. The Managers shall accept the decision of the Trustee and relieve the Trustee of any liability to them therefor and hold it harmless from any claims whatsoever on their part for damages or for any other relief.

**20.6.4** The Trust may be terminated by the Managers in their absolute discretion by notice in writing as hereinafter provided (i) if the average aggregate value of the Deposited Property shall be less than S\$3,000,000 after the end of the fifth year after the date of the Principal Deed or any time thereafter or (ii) if any law shall be passed, any authorisation withdrawn or revoked or the Authority issues any direction which renders it illegal or in the opinion of the Managers impracticable or inadvisable to continue the Trust.

**20.6.5** The party terminating the Trust shall give notice thereof to the Holders fixing the date at which such termination is to take effect which date shall not be less than six months after the service of such notice and the Managers shall give written notice thereof to the Authority not less than seven days before such termination.

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

**20.7 Valuation**

“Value”, except where otherwise expressly stated and subject always to the requirements of the Code, with reference to any Authorised Investments which are:-

- (i) cash in hand and deposits placed with banks in or outside of Singapore and bank bills, shall be determined by reference to the face value of such Authorised Investments and the accrued interest thereon for the relevant period;

- (ii) Quoted Investments<sup>6</sup>, shall be calculated, as the case may be, by reference to the price appearing to the Managers or other agent on behalf of the Managers to be the last available price or quoted price, the official closing price, the latest known available closing price or the latest available closing price on a Recognised Exchange or OTC Market at the time of calculation for the Quoted Investment in question or at any time as may be approved by the Trustee; and
- (iii) Unquoted Investments<sup>7</sup>, shall be calculated by reference to the (a) last available price (if any); or (b) prices quoted by such persons, firms or institutions determined by the Managers to be making a market in that investment at the close of trading in the relevant market on which the particular Authorised Investment is traded (and if there shall be more than one such market maker, then such market maker as the Managers may determine).

PROVIDED THAT, if the quotations referred to in (ii) and (iii) above are not available, or if the value of the Authorised Investment determined in the manner described in (i), (ii) or (iii) above, in the opinion of the Managers, is not representative, then the value shall be such value as the Managers may with due care and in good faith consider in the circumstances to be fair value and is approved by the Trustee and the Managers shall inform the Holders of such change if required by the Trustee. For the purposes of this proviso, the “**fair value**” shall be determined by the Managers in consultation with a dealer or an approved valuer and with the approval of the Trustee in accordance with the Code.

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

## 20.8 Risk Management and Compliance Procedures and Controls

The Managers will attempt to minimise the risks relating to the use of financial derivatives through careful selection of reputable counterparties and constant monitoring of the Trust’s derivatives positions.

The Managers’ portfolio risk management philosophy encompasses the whole investment process from formulation to implementation. Risk management and performance analysis is an integral part of the Managers’ investment process. The risks are quantified and broken down into its components through tools employed by the Managers and monitored closely. The

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6 “**Quoted Investments**” means any Authorised Investment which is quoted or listed or in respect of which permission to deal is effective on any Recognised Exchange or any OTC Market.

7 “**Unquoted Investments**” means any Authorised Investment which is not quoted, listed or dealt in on any Recognised Exchange or any OTC Market.

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results are disseminated to the portfolio manager of the Trust and depending on deviation, escalated to the senior management of the Managers.

Additionally, all open positions / exposures in derivative instruments will be marked to market at a frequency at least equal to the frequency of the net asset value calculation of the Trust. The exposure of the Trust to financial derivatives shall not exceed 100% of the Deposited Property of the Trust at any time (or such other percentage as may be allowed under the Code).

The Managers have the requisite expertise, experience and quantitative tools to control and manage such investment risks relating to the use of derivative instruments and will ensure that the risk management and compliance procedures and controls adopted are adequate.

## **21. Queries and Complaints**

If you have questions concerning your investment in the Trust, you may call the Managers at telephone number (65) 6536 8000.

# Legg Mason Southeast Asia Special Situations Trust Prospectus

Signed:

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Tan Keng Sin Patrick  
Director (Executive)

Signed:

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Yong Siew Hoon  
Director (Executive)

Signed:

---

Lim Hong Heng Lennie  
Director (Executive)

Signed:

---

Terence Andrew Johnson  
Director (Non-Executive)

Signed:

---

Thomas John Hirschmann  
Director (Non-Executive)

Signed:

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Joseph Patrick LaRocque  
Director (Non-Executive)

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**LEGG MASON**  
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