

This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, lawyer, accountant, tax adviser or other professional advisers.

See "Risk Factors" on paragraphs 18 and 19 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the units of the Daiwa FTSE Shariah Japan 100 ("Units").

DAIWA FTSE SHARIAH JAPAN 100

*a Singapore unit trust authorised under
Section 286 of the Securities and Futures Act, Chapter 289 of Singapore*

PROSPECTUS

(Registered by the Monetary Authority of Singapore on 7 May 2010)

MANAGER

Daiwa Asset Management (Singapore) Ltd.

Application was made on 29 February 2008 to the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to list and deal in and for quotation of all the Units of the DAIWA FTSE SHARIAH JAPAN 100 (the "Fund") which may be issued from time to time. Such permission has been granted by the SGX-ST and the Units have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Fund, the Manager or the Units.

Manager

**Daiwa Asset Management
(Singapore) Ltd.**

Trustee



Shariah Adviser



ALLEN & GLEDHILL LLP
ONE MARINA BOULEVARD #28-00
SINGAPORE 018989

DAIWA FTSE SHARIAH JAPAN 100

DIRECTORY

MANAGER

Daiwa Asset Management (Singapore) Ltd.
(Company Registration No. 199400016R)

*The address of the Manager from the date of
this Prospectus until 2 May 2010:*

6 Shenton Way #25-10
DBS Building Tower Two
Singapore 068809

*The address of the Manager with effect from 3
May 2010:*

3 Phillip Street #16-04
Commerce Point
Singapore 048693

TRUSTEE / CUSTODIAN

DBS Trustee Limited
(Company Registration. No. 197502043G)
6 Shenton Way
DBS Building Tower 1
Singapore 068809

SOLICITORS TO THE MANAGER

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

SOLICITORS TO THE TRUSTEE

Clifford Chance Pte Ltd
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Singapore 049145

INVESTMENT ADVISER

Daiwa Asset Management Co. Ltd.
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Japan 103-0025

AUDITORS

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

SHARIAH ADVISER

Yasaar Limited
DIFC Gate District,
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P.O.Box 506765
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IMPORTANT INFORMATION

This prospectus (the "**Prospectus**") has been prepared in connection with the offer in Singapore of units in the DAIWA FTSE SHARIAH JAPAN 100 (the "**Fund**"), a unit trust established under Singapore law by the deed of trust (as may be supplemented or amended from time to time) relating to the Fund (the "**Trust Deed**").

The directors of the manager of the Fund, Daiwa Asset Management (Singapore) Ltd. (the "**Manager**") accept full responsibility for the accuracy of information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no material facts the omission of which would make any statements in this Prospectus misleading.

The collective investment scheme offered in this Prospectus, the Fund, is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**"). 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. Registration of this Prospectus with the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the Fund.

Applicants for units in the Fund (the "**Units**") should consult their financial advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to acquire Units and as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable.

The Units are currently listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and traded on SGX-ST at market prices throughout the trading day. Market prices for Units may, however, be different from their net asset value. Listing for quotation of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The distribution of this Prospectus and the offering, subscription, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. The Manager requires persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to the Manager. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

United States - The Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). The Units are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Units are being offered to non-U.S. persons (including institutional and other investors in Singapore) in offshore transactions outside the United States of America in reliance on Regulation S, unless the Units are being offered to U.S. persons who receive this Prospectus (or any other offering materials) and communicate their investment decisions while outside the United States of America. Units may not, except pursuant to a relevant

exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An ERISA Plan is defined as (i) any retirement plan subject to Title I of the United States Employee Retirement Income Securities Act of 1974, as amended; or, (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended.

Dubai - This Prospectus relates to a Fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (“**DFSA**”). This Prospectus is intended for distribution only to Persons of a type specified in the DFSA’s Rules (i.e. “**Qualified Investors**”) and must not, therefore, be delivered to, or relied on by, any other type of Person. The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this Fund. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. The Units to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Units offered should conduct their own due diligence on the Units. If you do not understand the contents of this document you should consult an authorised financial adviser.

No person has been authorised to give any information or to make any representation in connection with the offering of Units other than those contained in this Prospectus, and the reports referred to in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Manager. To reflect material changes, this document may be updated from time to time and investors should investigate whether any more recent Prospectus is available. Investors should note that any amendment or supplement to, or replacement of, this Prospectus will be posted on the Manager’s website at (www.daiwa-am.com.sg).

DEFINITIONS

In this Prospectus, unless the context requires otherwise, the following expressions have the meanings set out below.

“**Application**” means a Creation Application or Redemption Application.

“**Application Basket**” means a portfolio of Index Securities (which may only be in kind and/or, to the extent agreed by the Manager at its absolute discretion, in Cash Equivalent) as may be determined by the Manager from time to time, which constitute the Index Basket as determined by the Manager at the start of business on the relevant Dealing Day for the purpose of the creation and redemption of Units in an Application Unit size, notified on the relevant Dealing Day by the Manager in accordance with the Operating Guidelines for the relevant Application.

“**Application Basket Value**” means the aggregate value of the Index Securities including the Cash Equivalent where applicable as may be determined by the Manager from time to time constituting the Application Basket at the Valuation Point on the relevant Dealing Day.

“**Application Cancellation Fee**” means the fee payable by a Participating Dealer in respect of a default, as set out in the Trust Deed and the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

“**Application Unit**” means such number of Units or multiples thereof as specified in this Prospectus or such other multiple of Units from time to time determined by the Manager, approved by the Trustee and notified to the Participating Dealers.

“**Associate**” has the meaning ascribed to it in the listing manual of the SGX-ST.

“**Authority**” means the Monetary Authority of Singapore or its successors.

“**Business Day**” means a day (other than a Saturday or a Sunday) on which the banks and the stock exchanges in Singapore, Japan and the United States are open for general business (or such other day or days as may from time to time be determined by the Manager and Trustee) and where a day on which the banks and stock exchanges in Singapore, Japan and/or the United States are open for only half a day such day shall not be considered a Business Day.

“**Cancellation Compensation**” means an amount payable by a Participating Dealer in respect of a default, as set out in the Trust Deed and the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

“**Cash Component**” means the difference between the aggregate Net Asset Value of the Units and the Application Basket Value.

“**Cash Equivalent**” means the cash equivalent amount of the relevant Index Securities to constitute part of the relevant Application Basket.

“**CDP**” means The Central Depository (Pte) Limited, a wholly-owned subsidiary of SGX-ST.

“**Code**” means the Code on Collective Investment Schemes issued by the Authority (as amended from time to time).

“**Collective Investment Scheme**” has the same meaning as in the Securities and Futures Act.

“**Companies Act**” means the Companies Act, Chapter 50 of Singapore.

“Connected Person” has the meaning ascribed to it under the Securities and Futures Act, and the Listing Rules, and in relation to any firm or corporation or company (as the case may be) means:

- (a) another firm or corporation in which the first mentioned firm or corporation has control of not less than 20 per cent. of the voting power in that other firm or corporation; and
- (b) a director, chief executive officer or substantial shareholder or controlling shareholder of the company or any of its subsidiaries or an associate of any of them.

“Creation Application” means an application by a Participating Dealer for the creation and issue of Units in an Application Unit size (or whole multiples thereof) in accordance with the procedures for creation of Units set out in the Operating Guidelines and the terms of the Trust Deed.

“Custodian” means DBS Trustee Limited or its successor.

“Dealing Day” means each Business Day during the continuance of the Fund, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee.

“Dealing Deadline” in relation to any particular Dealing Day, means 11 a.m. (Singapore time) or such other time on that Dealing Day as the Manager (with the approval of the Trustee) may from time to time determine.

“Deposited Property” means all the assets (including cash, if any) for the time being held or deemed to be held upon the trusts of the Trust Deed for the account of the Fund excluding (i) the Income Property and (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed).

“Duties and Charges” means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, any transaction or dealing and including, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager to be made for the purpose of compensating or reimbursing the Fund for the difference between (a) the prices used when valuing Securities for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities if they were acquired by the Fund with the amount of cash received by the Fund upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities if they were sold by the Fund in order to realise the amount of cash required to be paid out of the Fund upon such redemption of Units.

“FTSE” means the FTSE International Limited.

“Fund” means the DAIWA FTSE SHARIAH JAPAN 100 or such other name as the Manager may determine from time to time upon notice to the Trustee and Participating Dealer(s), subject to the prior approval of the relevant authorities where necessary.

“Income Property” means (a) all dividends and other sums deemed by the Manager, (after consulting the Auditors either on a general or case by case basis), to be in the nature of income (including taxation repayments or the returns from any deposits placed with any Islamic bank or financial institutions as determined by the Manager in consultation with the Shariah Adviser, if any) received or receivable by the Trustee in respect of the Deposited Property (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale of any Income Property received in a form other than cash); (b) the Cash Component and all Cancellation Compensation received by the Trustee, but excluding (i) the Deposited Property; (ii) any amount for the time being standing to the credit of the Distribution Account or previously distributed to Unitholders; (iii) gains arising from the realisation of Securities; and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Fund from the Income Property.

“Index” means the FTSE SHARIAH JAPAN 100 INDEX or such other name by which the index may be known.

“Index Basket” means a portfolio of Index Securities as determined by the Manager to be substantially similar in composition and weighting to the Index, provided that such portfolio shall comprise only whole numbers of the Index Securities and no fractions or, if the Manager determines shall comprise only round lots and not any odd lots.

“Index Provider” means FTSE, the person responsible for compiling the Index against which the Fund benchmarks its investments and who holds the right to license the use of such Index.

“Index Securities” means shares or interests issued by companies listed on any relevant Recognised Stock Exchange in Japan that are included in the Index (including companies that are to be added or have been removed from the Index immediately prior to a rebalancing of the Index) from time to time.

“Investment Adviser” means Daiwa Asset Management Co. Ltd. or its successors.

“Issue Price” means the price at which Units may be issued, determined in accordance with the Trust Deed.

“Listing Rules” means the listing rules for the time being applicable to the listing of the Fund as an investment fund on the SGX-ST (as amended from time to time).

“Manager” means Daiwa Asset Management (Singapore) Ltd. or its successors.

“Market” means, in relation to any Index Security, any relevant Recognised Stock Exchange in Japan.

“Net Asset Value” or **“NAV”** means the net asset value of the Fund or, as the context may require, of a Unit calculated pursuant to the Trust Deed.

“Non-Specialised Fund” means a Collective Investment Scheme that does not fall within the categories of specialised schemes of property funds, money market funds, hedge funds, futures and options funds or currency funds as set out in Appendices 2, 3, 4, 7 and 8 of the Code.

“Non-Specialised Funds Investment Guidelines” means the investment guidelines for Non-Specialised Funds issued by the Authority as Appendix 1, Annex 1a and Annex 1b of the Code for the time being in force, and as the same may be amended from time to time by the Authority.

“Operating Guidelines” means the guidelines for the creation and redemption of Units set out in the Schedule to the Participation Agreement as may be amended from time to time by the Manager with the approval of the Trustee and following consultation, to the extent reasonably practicable, with the Participating Dealers and as notified in writing to the Participating Dealers.

“Partial Delivery Request Fee” means the fee payable by the Participating Dealer in accordance with the Operating Guidelines for the account of the Trustee following a partial delivery request in the case of a Creation Application.

“Participating Dealer” means any dealer which has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee.

“Participation Agreement” means an agreement entered into between the Trustee, the Manager and a Participating Dealer setting out, (amongst other things), the arrangements in respect of the issue, redemption and cancellation of Units.

“Recognised Stock Exchange” means an international stock exchange that is approved by the Manager and the Trustee.

“Redemption Application” means an application by a Participating Dealer for the redemption of Units in Application Unit size (or whole multiples thereof) in accordance with the procedures for redemption of Units set out in the Operating Guidelines and the terms of the Trust Deed.

“Redemption Value” means, in respect of a Unit, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

“Register” means the register of Unitholders of the Fund.

“Registrar” means the Trustee or such other person as may from time to time be appointed by the Trustee to keep and maintain the register of Unitholders of the Fund.

“Securities Account” means a Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with the CDP.

“Securities and Futures Act” means the Securities and Futures Act, Chapter 289 of Singapore.

“Settlement Day” means three Business Days after the relevant Dealing Day and which shall be a Business Day (or such later Business Day as is permitted in relation to such Dealing Day pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as the Manager and the Trustee may from time to time agree and notify to the Participating Dealers.

“SGX-ST” means the Singapore Exchange Securities Trading Limited or its successors.

“Shariah Adviser” means Yasaar Limited or its successors.

“Shariah Investment Guidelines” means the Shariah investment guidelines applicable to the Fund issued by the Shariah Adviser as set out in the Appendix III hereto, as the same may be amended from time to time by the Shariah Adviser.

“Singapore Business Day” means a day (other than a Saturday or a Sunday) on which the banks and the stock exchanges in Singapore are open for general business (or such other day or days as may from time to time be determined by the Manager and Trustee) and where a day on which the banks and stock exchanges in Singapore are open for only half a day such day shall not be considered a Singapore Business Day.

“**Singapore dollar**” or “**S\$**” means the lawful currency for the time being and from time to time of Singapore.

“**Transaction Fee**” means the fee charged to each Participating Dealer for the benefit of the Trustee on each Dealing Day on each Application made by the relevant Participating Dealer, the maximum level of which shall be as determined by the Manager and the Trustee from time to time and set out in this Prospectus.

“**Trust Deed**” means the Trust Deed constituting the Fund dated 25 April 2008 between the Manager and the Trustee, as amended, supplemented or restated from time to time.

“**Trustee**” means DBS Trustee Limited or its successors.

“**Unauthorised US Person**” means (i) a US person within the meaning of Rule 902 of the United States Securities Act of 1933, as amended, (ii) a US resident within the meaning of the United States Investment Company Act of 1940, as amended, or (iii) any person that would not qualify as a Non-United States person within the meaning of United States Commodity Futures Trading Commission Rule 4.7(a)(1)(iv).

“**Unit**” means one undivided share in the Fund.

“**Unitholder**” means a holder of Units.

“**US dollar**” or “**US\$**” means the lawful currency for the time being and from time to time of the United States of America.

“**Valuation Point**” means the official close of trading on the last relevant Market to close on each Dealing Day on which the Index Securities are listed or traded or such other time or times as determined by the Manager from time to time with the prior approval of the Trustee (and the Trustee shall determine if Unitholders should be informed of such changes) provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

This Prospectus provides the information you need to make an informed decision about investing in the DAIWA FTSE SHARIAH JAPAN 100. It contains important facts about the DAIWA FTSE SHARIAH JAPAN 100.

Key Information

The following table is a summary of key information in respect of the DAIWA FTSE SHARIAH JAPAN 100, and should be read in conjunction with the full text of this Prospectus.

| | |
|--|--|
| Instrument Type | Exchange Traded Fund (“ETF”) |
| Tracked Index | FTSE SHARIAH JAPAN 100 INDEX |
| Exchange Listing | SGX-ST |
| Trading Board Lot Size | 100 Units |
| Trading Currency | US dollars (US\$) |
| Distribution of Income | Annually (if any) |
| “In-kind” only or partial “in-kind” and partial cash Creation / Redemption* (only through Participating Dealers) | Minimum 1,000,000 Units (or multiples thereof) |
| Manager | Daiwa Asset Management (Singapore) Ltd. |
| Investment Adviser | Daiwa Asset Management Co. Ltd. |
| Trustee / Custodian | DBS Trustee Limited |
| Registrar | DBS Trustee Limited |
| Shariah Adviser | Yasaar Limited |
| Web Site | www.daiwa-am.com.sg |

1. DAIWA FTSE SHARIAH JAPAN 100

DAIWA FTSE SHARIAH JAPAN 100 is a Singapore standalone unit trust constituted under Singapore law and established by way of a deed of trust constituting the Fund dated 25 April 2008, as supplemented by the First Supplemental Deed dated 9 May 2008, between Daiwa Asset Management (Singapore) Ltd., as the manager and DBS Trustee Limited, as the trustee of the Fund.

The assets of the Fund shall at all times belong to the Fund and be segregated from the assets of the Trustee, and shall not be used to discharge the liabilities of or claims against the Trustee or any other fund for which the Trustee acts as trustee.

* Investors should note that the creation and redemption of Units may be effected by (i) “in-kind” transfer of the Index Securities only; or (ii) partial “in-kind” transfer of the Index Securities and partial cash payment for the cash equivalent portion of the Index Securities to the extent agreed by the Manager at its absolute discretion, constituting an Application Basket. The Manager however reserves the right to allow for the creation and redemption of Units using cash only in future, in addition to the partial “in-kind” and partial cash creation and redemption of Units. In such event, the Unitholders and prospective investors will be notified via the website (www.daiwa-am.com.sg) and this Prospectus will be replaced, amended or supplemented accordingly.

Investors should note that the Fund differs from a typical unit trust offered in Singapore. Unlike a typical unit trust, the creation and redemption of Units will be effected by (i) “in-kind” transfer of the Index Securities only; or (ii) partial “in-kind” transfer of the Index Securities and partial cash payment for the Cash Equivalent in the case and to the extent where the Manager agrees to accept the Cash Equivalent at its absolute discretion, constituting an Application Basket for the relevant Application Unit.

The Creation Application and the Redemption Application may only be effected at the Manager’s discretion. Further, the creation and redemption of Units can only be facilitated by or through the Participating Dealer who is under no obligation to accept instructions to create or redeem Units on behalf of the investors.

Investors should also note that the Manager reserves the right to allow for the creation and redemption of Units using cash only, in addition to the partial “in-kind” and partial cash creation and redemption of Units, currently provided in this Prospectus. In such event, the Unitholders and prospective investors will be notified via the Manager’s website and this Prospectus will be replaced, amended or supplemented accordingly.

2. REGISTRATION AND EXPIRY DATE

The date of registration of this Prospectus by the Authority is 7 May 2010. This Prospectus shall be valid for a period of 12 months after the date of registration of this Prospectus (i.e. up to and including 6 May 2011) and shall expire on 7 May 2011.

3. INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the FTSE SHARIAH JAPAN 100 Index that measures the investment return of the largest and most liquid Shariah compliant companies in Japan.

The investment objective of the Fund will be adhered to for at least three years following the first registration of this Prospectus, unless otherwise agreed by Unitholders by way of a special resolution at a general meeting.

Investors should note that there is no guarantee that the Fund’s investment objective will be achieved. In particular, no asset or financial instrument allows an automatic and continuous replication of movements in the Index. Any re-weighting of the Index can result in various transaction or friction costs, and the Fund may not be able to reproduce the performance of the Index due to reasons such as the temporary unavailability of certain securities comprising the Index or other exceptional circumstances which might result in distortions in the weighting of the Index, or due to temporary suspension or interruption of the quotation of the securities comprising the Index.

The Index is a tradable index launched by FTSE. The Index is designed to represent the performance of the largest and most liquid Shariah compliant Japanese companies. Therefore, the Fund intends to invest in Shariah compliant Japanese stocks.

4. INVESTMENT FOCUS AND APPROACH

In managing the Fund, the Manager will generally adopt a Replication Strategy. Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Index. Therefore, the Fund is not managed according to traditional methods of “active” investment management, which involve the buying or selling of securities based on the Manager’s economic, financial and market analysis and investment judgment. Unlike an actively managed investment fund, the Fund does not attempt to “beat” the market or the Index. Instead, the Manager, using a “passive” or indexing investment approach, attempts to deliver an investment performance which closely corresponds, before expenses, to the performance of the Index.

The use of an indexing investment approach may eliminate some of the risks of active management such as poor stock selection. An indexing investment approach may also help increase after-cost performance by keeping portfolio turnover low in comparison to actively managed investment funds.

However, there may be limited circumstances whereby the Replication Strategy may be impossible or impracticable to be adopted by the Manager for various reasons. In those limited circumstances, the Manager may decide to adopt a Representative Sampling Strategy instead, as described in paragraph 10.1 below.

5. THE INDEX

The FTSE Shariah Japan 100 Index is an index launched by FTSE in association with Yasaar Limited.

Shariah is the Divine Islamic Law which governs the practical aspect of a Muslim's daily life. In commerce, it can determine business style and indicate a desire to comply with 'halal' (Islamic permitted) and ethical investing.

The FTSE Shariah Japan 100 Index represents the performance of the largest and most liquid Shariah compliant companies based on the FTSE Global Equity Index Series comprising of Large and Mid Cap Japanese companies. Constituents are assessed using Yasaar Limited’s Shariah screening methodology.

The FTSE Shariah Japan 100 Index is calculated in real time every 15 seconds denominated in Japanese Yen at the end of each Calculation Day of the Index (as defined in paragraph 10.5 below). Additional information in respect of the Index is set out in Appendices I and II hereto.

6. INVESTMENT AND BORROWING RESTRICTIONS OF THE FUND

The Fund, being a Non-Specialised Fund, is subject to the investment and borrowing guidelines in the Non-Specialised Funds Investment Guidelines (save to the extent waived, exempted or varied by the Authority), which Guidelines may be amended from time to time by the Authority.

In addition to the Non-Specialised Funds Investments Guidelines, the Fund will be subject to the Shariah Investment Guidelines as set out in Appendix III hereto prepared by and which may be amended from time to time by Yasaar Limited, the Shariah adviser to the Manager in relation to the Fund (“**Shariah Adviser**”).

Basically, the Shariah Investment Guidelines provide the criteria for determining whether a company is deemed to be Shariah compliant under the Islamic law. The constituents of the Index are also screened by the Shariah Adviser so as to ensure that each constituent of the Index is Shariah compliant.

In the event of any conflict between the provisions of the Non-Specialised Funds Investment Guidelines and the Shariah Investment Guidelines, the more stringent provision shall prevail. For the avoidance of doubt, any such conflict will be resolved in a manner which is compliant with the Shariah Investment Guidelines and such that the Fund will not invest in any security or instrument which is not permitted under the Shariah Investment Guidelines, even if the Non-Specialised Funds Investment Guidelines permit such investment.

Whilst the Manager currently does not intend for the Fund to invest in any financial derivative instruments (“**FDIs**”), the Manager may in consultation with and subject to the approval of the Investment Adviser and the Shariah Adviser, decide to invest in FDIs in the future, for the purposes of hedging or meeting the investment objective of the Fund or both. In the event that the Manager decides to invest in FDIs, the Unitholders will be given at least one month’s prior notice and an announcement posted on the SGXNET and on the Manager’s website, and this Prospectus will be updated, supplemented or replaced as appropriate.

7. MANAGEMENT AND ADMINISTRATION

7.1 Manager

The Manager of the Fund is Daiwa Asset Management (Singapore) Ltd. (Company Registration Number 199400016R), a public company limited by shares incorporated in Singapore on 3 January 1994 with a share capital of S\$2 million consisting of 2,000,000 ordinary shares and holds a Capital Markets Services Licence from the Authority. Since its establishment in Singapore, the Manager has been involved in fund management activities, including managing discretionary funds and providing investment advisory services.

As of 31 December 2009, the Manager is managing approximately JPY60.66 billion (approximately US\$656.8 million) of discretionary funds and providing various investment advisory services to funds domiciled in Japan which are established and managed by the Daiwa Asset Management Co. Ltd..

The Manager of the Fund is a wholly-owned subsidiary of Daiwa Asset Management Co. Ltd. (which is also the Investment Adviser), which is managing more than 350 funds and has been providing advisory services for more than 50 years in Japan.

7.1.1 General Responsibilities of the Manager

The Manager shall be responsible for the investment and management of the Fund in accordance with the investment objectives of and within the investment restrictions as provided in this Prospectus and the Trust Deed.

The Manager has covenanted in the Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner and to ensure that the Fund is carried on and conducted in a proper and efficient manner. The Manager has also covenanted that it will conduct all transactions with or for the Fund at arm's length.

The Manager may, in managing the Fund and in carrying out and performing its duties and obligations under the Trust Deed, appoint such person to exercise all or any of the powers, rights, privileges, duties and discretions vested in it under the Trust Deed and such delegation may be made upon such terms and conditions and subject to such regulations (including powers to sub-delegate) as it may think fit, provided always that the Manager shall be liable for all acts and omissions of such person as if such acts and omissions were its own.

7.1.2 Directors of the Manager

Hiroshi Noriishi

Mr Noriishi is the General Manager of the Compliance Department of Daiwa Asset Management Co., Ltd. since April 2010. Prior to taking up his current role, Mr. Noriishi was the General Manager of the Global Business Development Department of Daiwa Asset Management Co., Ltd.. He joined Daiwa Asset Management Co. Ltd. as a General Manager of Fund Management Division in April 2008. Mr Noriishi graduated from Yokohama National University in March 1980 and started his career with Daiwa Securities Co. Ltd where he was posted to the Overseas Advisory Department and subsequently transferred to Hong Kong branch. He joined Daiwa SB Investments Ltd. in July 1991 and was appointed as General Manager of Investment Research Department in June 2004.

Mr Noriishi received his MBA degree from University of Chicago, Booth School of Business in June 1989, and is also a CFA Charter holder since 1990.

Koichiro Sekiguchi

Mr Sekiguchi is a General Manager, Head of Finance & Corporate Accounting Department of Daiwa Asset Management Co. Ltd. since April 2007. After graduating from Kyoto University, Mr Sekiguchi joined Daiwa Securities Co. Ltd. in April 1985. In January 1988, after serving almost three years at the Kyoto branch, he was transferred to Daiwa Asset Management Co. Ltd. where he was attached to the Investment Advisory Department and Personnel Department. He spent 15 years in the Personnel Department and was promoted to the post of General Manager in April 2006.

He is a Chartered Member of the Security Analysts Association of Japan since 1990.

Osamu Yamashita

Mr Yamashita was appointed as the General Manager of the Global Equity Management Department of Daiwa Asset Management Co. Ltd. in April 2009. Mr Yamashita began his career at Daiwa Securities Co. Ltd. upon graduation from Kobe University of Commerce in March 1983. He was initially assigned to the Osaka branch and transferred to Kobe branch before joining the current company in December 1986 where he was initially attached to the Global Equity Management Department. Thereafter, he was posted to overseas branches such as Hong Kong, New York, and London. He spent 3 years in Daiwa Asset Management America and more than 7 years in Daiwa Asset Management Europe as the President and was responsible for the overall day to day management including overseeing portfolio under management.

He is a Chartered Member of the Security Analysts Association of Japan since 1993 and a Chartered International Investment Analyst since 2001.

Yoshinori Okada

Mr Okada is the Managing Director of Daiwa Asset Management (Singapore) Ltd and is responsible for the overall day to day management of the Singapore operation, including overseeing portfolio under management. Prior to taking up his current role, Mr Okada spent more than ten years in various departments in Daiwa Asset Management Co. Ltd. – including Global Equity Department, Corporate Planning Department and Personal Department. He was involved in corporate strategy planning, research and human resource management functions of the Daiwa group. He also served as a member of one of the sub-committees of the Investment Trusts Association of Japan. Mr Okada spent more than 6 years with Daiwa Securities Co., Ltd's research department from 1986-1992, specialising in Japanese equities and issuing research reports to the internal sales department.

Mr Okada received IBEAR MBA from University of Southern California, The Gordon S. Marshall School of Business, and attained a Bachelor of Economics from Doshisha University, Kyoto. He is also a Chartered Member of the Security Analysts Association of Japan since 1993.

7.1.3 Appointed Portfolio Manager of the Fund

The appointed principal portfolio manager of the Fund who will be primarily performing the investment management functions for the Fund is Steven Tan.

Mr Tan joined Daiwa Asset Management (Singapore) Ltd. in November 2007 as a Fund Manager. Prior to joining the Manager, he spent three years with SHC Capital Ltd as Vice President – Investments, where he was responsible for managing overall investment activities of the company, including equity and fixed income investments. Mr Tan started his career with KV Management Pte Ltd, a unit of Keppel Corporation Limited, in September 1996 where he was involved in portfolio management function for two closed-end Indochina funds, with investment focus in Vietnam and Myanmar. Subsequently, Mr Tan joined NIF Management Singapore Pte Ltd in December 1999 and was involved in management of venture funds for investments in Asia Pacific Region (ex-Japan).

He has more than 13 years of investment and portfolio management experience in the Asia region, and sound working knowledge of various assets, especially in listed and private equities. Mr Tan received his Bachelor of Science (Economics) from the National University of Singapore and Graduate Diploma in Business Administration from the Graduate School of Business, National University of Singapore.

7.2 Investment Adviser

The Manager has also appointed Daiwa Asset Management Co. Ltd. as investment adviser under an investment advisory agreement entered into between the Manager and the Investment Adviser (the "**Investment Advisory Agreement**").

The Investment Adviser is a wholly owned subsidiary of Daiwa Securities Group Inc. (the "**Daiwa Group**") and its office is located at 2-10-5 Nihonbashi Kayaba-cho, Chuo-ku, Tokyo, Japan. The Daiwa Group has been managing investment trusts and other forms of collective investment schemes since 1951 when it first offered investment trusts to Japanese investors. Currently, the Investment Adviser has five other overseas offices in New York, London, Hong Kong, Singapore and Shanghai and as at 31 March 2010 employs over 100 fund managers and analysts, covering global equities and fixed income investments. As at end March 2010, the Investment Adviser is the second largest asset management company in Japan* with a total asset under management ("**AUM**") of approximately JPY 10,234 billion (approximately US\$110.09 billion) (including publicly listed and privately managed funds).

The Investment Adviser launched its first exchange-traded fund ("**ETF**") in Japan in July 2001 and currently has twenty two ETFs under its management bringing its total ETF AUM to approximately JPY475.1 billion (approximately US\$5.11 billion) as at 31 March 2010.

The Investment Adviser has also been providing various investment advisory services to other funds in UK, Korea and Cayman Islands since 1996. As at 31 March 2010, the total amount of funds covered under these advisory services is approximately in excess of JPY436 billion (or approximately US\$4.69 billion).

The Investment Advisory Agreement currently provides that the duration of the Investment Advisory Agreement is for an indefinite period unless terminated by either party in accordance with the provisions contained therein, which include amongst others, that either party may terminate the Investment Advisory Agreement by giving the other party written notice of not less than three months.

The Investment Adviser makes no representations or warranties to any Unitholder or any member of the public regarding the advisability of investing in the Fund. In particular, the Investment Adviser accepts no obligation or liability in connection with the operation, marketing, trading or sale of the Fund, including but not limited, to the issuance or contents of this Prospectus.

The Investment Adviser's fee will be borne by the Manager out of the Manager's fee and will not be charged to the Fund as set out below under the section headed "Fees, Charges and Expenses".

* Source: *The Investment Trusts Association, Japan*

7.2.1 General Responsibilities of the Investment Adviser

The Investment Adviser shall provide assistance and support to the Manager with respect to the management of the investments and operational processes of the Fund, including but not limited to the following:

- assisting and advising the Manager in the production, generation and maintenance of the Application Basket;
- assisting and advising the Manager in the production and generation of the trade lists for the purpose of any rebalancing activities; and
- assisting and advising as and when required by the Manager in all matters relating to the management of the Fund.

7.2.2 Directors of the Investment Adviser

Toshiro Ishibashi

Mr Ishibashi is the current President and Chief Executive Officer of Daiwa Asset Management Co. Ltd.. He is also Deputy President of Daiwa Securities Group Inc.. Mr Ishibashi began his career with Daiwa Securities Co. Ltd upon graduation from Kansai Gakuin University in April 1973. He was initially attached to the Kameido branch and subsequently transferred to Daiwa Asset management Co. Ltd. as a General Manager, Head of Bond Management Department in January 1992. In April 1999, he took up a new appointment as the Executive Officer of Daiwa Securities Capital Markets Co. Ltd. (formerly known as Daiwa Securities SMBC Co. Ltd.) and where he was responsible for Financial Market matters. He returned to Daiwa Securities Co. Ltd. as the Senior Executive Officer and Senior General Manager of Product Planning and Disclosure Division in June 2003.

Masaki Yamane

Mr Yamane is the current Chief Investment Officer and Deputy President of Daiwa Asset Management Co., Ltd, since April 2010. Prior to taking up the role of Chief Investment Officer, he was appointed as the Deputy President of Daiwa Asset Management Co. Ltd.. He joined Daiwa Securities Co. Ltd. immediately after his graduation from Kobe University in March 1976. In February 1996, he was promoted to the position of General Manager of the Osaka branch where he was responsible for equity sales. He was appointed as a General Manager of Daiwa Securities Capital Markets Co. Ltd. (formerly known as Daiwa Securities SMBC Co. Ltd.) in April 1999 and was responsible for overseeing the Wholesale Department before being promoted to Executive Officer in May 2004 and Senior Managing Director in April 2008.

Masao Matsumoto

Mr Matsumoto is currently the Principal Executive Officer of the Marketing Division of Daiwa Asset Management Co. Ltd.. Mr Matsumoto began his career with Daiwa Securities Co. Ltd. upon graduating from Doshisha University in March 1975. He was initially attached to the Hiroshima Branch and subsequently promoted to a General Manager of Wholesales Department in May 1996. In April 1999 he was assigned to Daiwa Securities Capital Markets Co. Ltd. (formerly known as Daiwa

Securities SMBC Co. Ltd.) as a General Manager, before returning to Daiwa Securities Co. Ltd. as a General Manager, Head of Private Banking Department in July 2000 and was later promoted to Branch Head of the Kyoto Branch. He joined Daiwa Asset Management Co. Ltd. as Executive Officer in April 2005.

Takuya Ikeda

Mr Ikeda joined Daiwa Asset Management Co. Ltd. as Principal Executive Officer of the Trading and Operating Division in April 2009. Mr Ikeda started his career with Daiwa Securities Co. Ltd. in March 1979 after graduating from Waseda University. In April 1999 he was assigned to Daiwa Securities Capital Markets Co. Ltd. (formerly known as Daiwa Securities SMBC Co. Ltd.) as a General Manager and returned to Daiwa Securities Co. Ltd. as a General Manager, Head of Corporate Planning Department in May 2004 and was promoted to Executive Officer in April 2005 and Senior Executive Officer in April 2008.

Toshihiro Matsui

Mr. Matsui is currently the Director of Daiwa Asset Management Co., Ltd. and Executive Officer and General Manager of Corporate Planning Department of Daiwa Securities Group Inc. He joined Daiwa Securities Co. Ltd. immediately after his graduation from Kobe University in March 1985. He was appointed as a General Manager of Daiwa Securities Capital Markets Co. Ltd. (formerly known as Daiwa Securities SMBC Co. Ltd.) in May 2004. In September 2007, he became the General Manager of Corporate Planning Department of Daiwa Securities Group Inc. and was promoted to Executive Officer in April 2009.

7.3 Shariah Adviser

The Manager has appointed Yasaar Limited as the Shariah adviser of the Fund under a Consultancy Agreement entered into between the Manager and Yasaar Limited dated 22 December 2007. Further details and information on the Shariah Adviser and the key Shariah scholars of the Shariah Adviser are available at its website at www.yasaar.org (as may be amended from time to time).

Yasaar Limited is a global Shariah (Islamic law) consultancy firm offering Shariah compliance services to financial institutional clients. Under the Shariah Consultancy Agreement, the services to be provided by the Shariah Adviser include *inter alia* the following:

- to provide assistance, guidance and advice to the Manager on the applicable Shariah principles relating to the Fund;
- to provide assistance, guidance and advice to the Manager to ensure that the Fund complies with the Shariah Investment Guidelines as set out in Appendix III hereto; and
- at the end of each calendar quarter, to conduct the audit on the Fund in order to issue the relevant “Fatwa” on quarterly basis concerning the Fund’s compliance with the Shariah Investment Guidelines and the applicable Shariah principles.

The Shariah Adviser has approved and provided Fatwa for the basic structure of the Fund, and will on a quarterly basis review the Fund's holdings and approve portfolio purification procedures.

Save for the Shariah Adviser's initial structuring fee which is part of the Cost of Establishment of the Fund (as defined in Paragraph 17.5 below), the Shariah Adviser's ongoing fees will be borne by the Manager out of the Manager's fee and will not be charged to the Fund as set out below under the section headed "Fees, Charges and Expenses".

7.4 Trustee / Custodian

The trustee and custodian of the Fund is DBS Trustee Limited which is a company incorporated in Singapore on 24 November 1975 and registered under the Trust Companies Act, Chapter 336 of Singapore, with a share capital of S\$2.5 million consisting of 5,000,000 ordinary shares. Its registered address is at 6 Shenton Way, DBS Building Tower 1, Singapore 068809.

The Trustee does not have any material conflict of interest with its position as Trustee of the Fund. DBS Trustee Limited is a member of the DBS Bank Group.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Fund. The Trustee will remain as the Trustee of the Fund until it retires or is removed or replaced in accordance with the provisions of the Trust Deed.

Save for the Trustee's inception fee which is part of the Cost of Establishment of the Fund (as defined in Paragraph 17.5 below), the Trustee's and Custodian's ongoing fees will be borne by the Manager out of the Manager's fee and will not be charged to the Fund as set out below under the section headed "Fees, Charges and Expenses".

7.5 Registrar

The Registrar of the Fund is DBS Trustee Limited. The Register can be inspected at 60 Alexandra Terrace, The Comtech, #05-27, Singapore 118502, during normal business hours.

For so long as the Units are listed, quoted and traded on the SGX-ST, the Manager shall appoint The Central Depository (Pte) Limited (Company Registration No: 198003912M) (the "CDP") as the unit depository for the Fund, and all Units issued and available for trading will be represented by entries in the Register kept by the Registrar in the name of, and deposited with, CDP as the registered holder of such Units.

The Registrar will charge a fee in respect of the establishment and maintenance of the Register of the Unitholders of the Fund, which will be borne by the Manager out of the Manager's fee and will not be charged to the Fund as set out below under the section headed "Fees, Charges and Expenses".

7.6 Auditors

The auditors of the Fund are PricewaterhouseCoopers of 8 Cross Street, #17-00 PWC Building, Singapore 048424.

The Auditors' fee will be borne by the Manager out of the Manager's fee and will not be charged to the Fund as set out below under the section headed "Fees, Charges and Expenses".

8. BROKERAGE TRANSACTIONS

The policy of the Manager regarding purchases and sales of Index Securities is that primary consideration will be given to obtaining the most favourable prices and efficient execution of transactions. Consistent with this policy, when transactions are effected on a stock exchange, the Manager's policy is to pay commissions which are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances.

The Manager believes that a requirement always to seek the lowest possible commission cost may impede effective portfolio management and preclude the Fund and the Manager from obtaining a high quality of brokerage and research services. In seeking to determine the reasonableness of brokerage commissions paid in any transaction, the Manager relies upon its experience and knowledge regarding commissions generally charged by various brokers and on its judgement in evaluating the brokerage and research services received from the broker effecting the transaction. Such determinations are necessarily subjective and imprecise and, as in most cases, an exact dollar value for those services is not ascertainable.

The brokerage arm of the Daiwa group of companies, may also enter into transactions with the Fund, for which it will receive brokerage fees charged to the Fund. Please refer to the section headed "Conflict of Interests" for details.

9. SOFT DOLLAR COMMISSIONS / ARRANGEMENTS

The Manager will not receive and/or enter into any soft dollars commissions/arrangements in respect of the Fund.

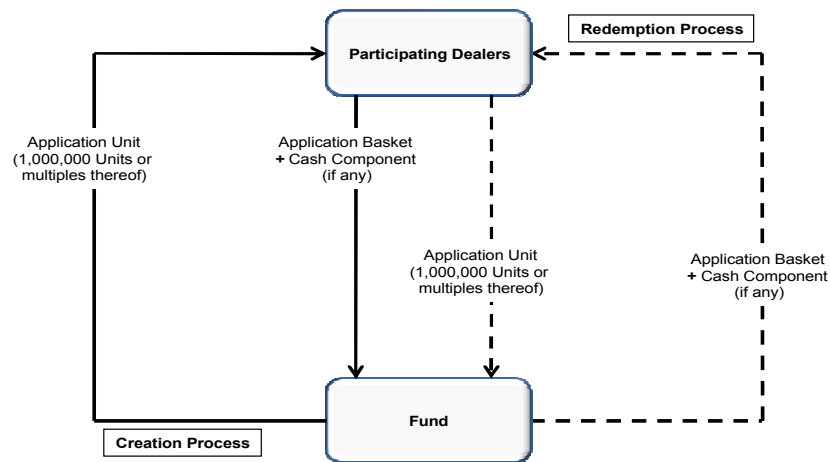
10. OPERATION OF THE DAIWA FTSE SHARIAH JAPAN 100

There are two types of investors in the Fund, and two corresponding methods of investment in Units and realisation of investment in Units.

The first type of investors is the Participating Dealers. Only a Participating Dealer and not any other person can apply to the Manager for the creation and redemption of Units directly with the Fund. Units are created / redeemed at their Net Asset Value only in Application Unit size generally in exchange for an Application Basket. Units may only be created / redeemed in Application Unit size, which is currently 1,000,000 Units (or whole multiples thereof). The first diagram below illustrates the method of acquiring and disposing Units in the Fund by the Participating Dealers.

The second type of investors is any person, other than the Participating Dealers, who buys and sells the Units on the SGX-ST. The second diagram below illustrates the method of acquiring and disposing Units in the Fund through the SGX-ST by such investors.

Direct Creation and Redemption by the Participating Dealers



Please also see paragraphs 11 and 12 on the “Subscription of Units” and “Redemption of Units” respectively for more details.

Trading Units in the Secondary market on the SGX-ST



Please also see paragraph 13 below on the “Trading of Units Through the SGX-ST” for more details.

10.1 Index Rebalancing

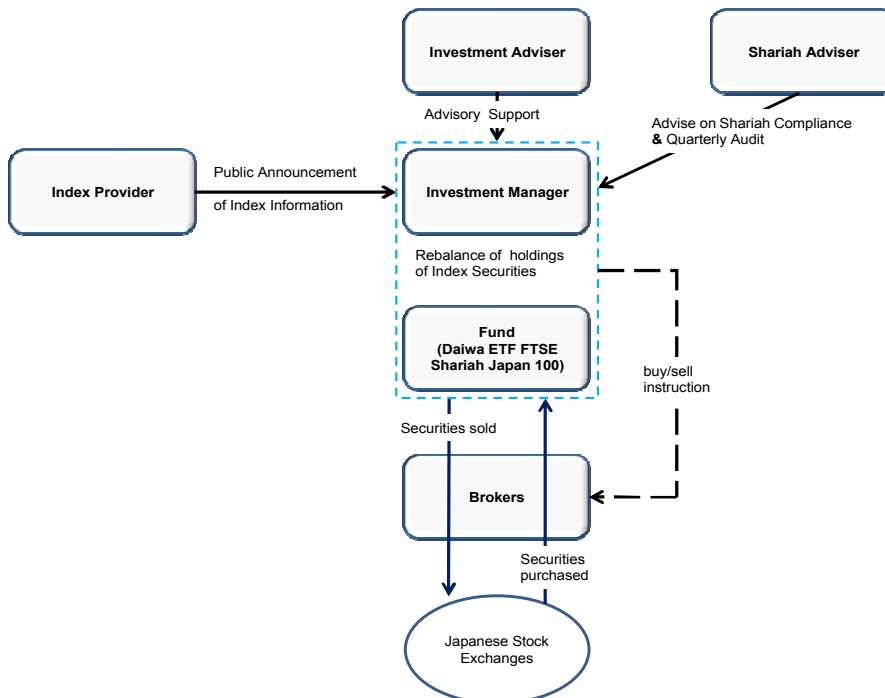
The constituent Index Securities and their respective weightings within the Index will change from time to time. In order for the Fund to achieve its investment objective of tracking the Index, it will accordingly be necessary for the Manager to rebalance the Fund's holdings of Index Securities comprised in the Index. The Manager will utilise public information announced by the Index Provider and rebalance the holdings of Index Securities accordingly.

By adopting the Replication Strategy, if a new company is added to the Index, the Manager will purchase the securities of that company for the account of the Fund. If a company in the Index is deleted from the Index, Manager will accordingly sell the securities of that company. It may take some days to sell out the securities of the company that has been removed from the Index depending on market conditions.

However, various circumstances may make it impossible or impracticable to purchase each component Index Security with the exact weightings, hence a Representative Sampling Strategy may be adopted instead, whereby the Fund will hold a representative sample of a portfolio of Index Securities selected by the Manager using quantitative analytical models. The Manager will then seek to construct the portfolio of the Fund so that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of the Index.

The diagram below represents the rebalancing of the Fund's holdings of Index Securities following the rebalancing of the Index.

Process of Portfolio Management



10.2 Market Makers

A market maker is a broker or a dealer registered by the SGX-ST as a designated market maker to act as such by making a market for the Units in the secondary market on the SGX-ST. A market maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Units on the SGX-ST. Market makers accordingly facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SGX-ST. Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one market maker for the Fund to facilitate efficient trading.

The current market maker for the Fund is Daiwa Securities Capital Markets Co. Ltd. (formerly known as Daiwa Securities SMBC Co. Ltd.). Any change to the market maker will be announced on the SGXNET and the Manager's website.

10.3 Participating Dealer

The role of the Participating Dealer is to facilitate creation and redemption of Units in the Fund from time to time. Under the terms of the Participation Agreement, the Participating Dealer may only apply to create Units on the presentation of an Application Basket by it. In its absolute discretion, the Participating Dealer may also apply to create Units on behalf of its clients from time to time.

Whilst at the date of registration of this Prospectus, Daiwa Capital Markets Singapore Limited. (formerly known as Daiwa Securities SMBC Singapore Ltd.) is the only Participating Dealer, the Manager may appoint one or more additional Participating Dealers.

Any change to the Participating Dealer will be announced on the SGXNET and the Manager's website. In the event that additional Participating Dealers are appointed, the Manager will notify Unitholders on its website and this Prospectus will be amended, supplemented or replaced as appropriate.

10.4 Index Provider

The Index Provider is FTSE. The Index Provider has granted the Manager the non-exclusive right to use the Index in connection with the Fund. FTSE is independent of the Manager.

10.5 Operating Hours of the SGX-ST and the Recognised Stock Exchanges in Japan

The Index is calculated on each day where each of the relevant Recognised Stock Exchange in Japan on which the Index Securities are listed is open for normal trading ("**Calculation Day of the Index**"). The Index is calculated on an end-of-day basis and on best effort basis the Index values are calculated in real time every 15 seconds from 7:50 a.m to 2:20 p.m. (Singapore time). Please refer to Appendix II for more information on the Index.

The table below sets out the normal opening and closing times of the SGX-ST on which the Units are listed, and the Recognised Stock Exchanges in Japan on which the Index Securities are listed:

| | Trading of Units of the Fund on the SGX-ST | Trading Hours of the Recognised Stock Exchanges in Japan |
|---------------------|---|--|
| Opening Time | 9:00 a.m. (Singapore time) | 8:00 a.m. (Singapore time) |
| Closing Time | 5:06 p.m. (Singapore time) | 2:00 p.m. (Singapore time) (2:10 p.m. in the case of Osaka Securities Exchange Company Limited) |

11. SUBSCRIPTION OF UNITS

11.1 Continuous Offering of Units

Investors who wish to invest in the Fund can apply for Units in the Fund through the Participating Dealer in Application Unit size or whole multiples thereof (as set out in paragraph 11.1.1 below). Investors should consult the Participating Dealer for the applicable terms and conditions for assisting the investors with their Creation Application. Investors should note that the Participating Dealer has the discretion of whether or not to accept instructions to create Units and is under no obligation to accept such instructions.

For all issues of new Units of the Fund through the Participating Dealer, Units will be issued at the Issue Price of the Units (as set out in paragraph 11.1.4 below).

The dealing period on any Dealing Day commences at 9:00 a.m. and ends at the Dealing Deadline at 11 a.m. (Singapore time). Participating Dealers may apply for the Units on any Dealing Day on their own account or for the account of their clients in accordance with the Operating Guidelines.

11.1.1 Application Size

Units are offered and issued at their Net Asset Value only in Application Unit size generally in exchange for an Application Basket. Units may only be created in Application Unit size, which is currently 1,000,000 Units (or whole multiples thereof). Any change to the Application Unit size will be announced on the SGXNET. Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted.

11.1.2 Procedure for the Creation Application

Upon the receipt of any valid Creation Application from the Participating Dealers, and to the extent accepted by the Manager, the Manager shall instruct the Trustee to effect, for the account of the Fund, the creation of Units in Application Unit size in exchange for delivery, by the Participating Dealer or to the Participating Dealer's order, to or for the account of the Fund, of the Index Securities and the Cash Equivalent (in the case and to the extent where the Manager agrees at its absolute discretion to accept the Cash Equivalent) constituting an Application Basket and the Cash Component (where applicable) for the relevant Units.

All Creation Applications shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement.

Investors should also note that while currently the creation of Application Units may only be effected by (i) "in-kind" only (that is, the relevant Index Securities constituting an Application Basket) or (ii) partial "in-kind" and partial Cash Equivalent (in the event that the Manager determines in its discretion to accept the Cash Equivalent as further provided in paragraph 11.6 below), the Manager may in future allow for the creation of Application Units to be effected using cash only.

11.1.3 Issue of Units

Once the Units are created, the Manager shall effect, for the account of the Fund, the issue of Units to a Participating Dealer in accordance with the Operating Guidelines.

Units are denominated in US dollars and no fractions of a Unit shall be created or issued by the Trustee.

The Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the register if at any time the Trustee is of the opinion that the provisions of the Operating Guidelines and the Trust Deed on the issue of Units, are being infringed.

11.1.4 Issue Price

The Issue Price of Units shall be based on forward pricing which means that the Issue Price of the Units shall not be ascertainable at the time of application for Units.

A Creation Application received (or deemed received) and accepted in accordance with the Operating Guidelines on a Dealing Day shall be issued at that Dealing Day's Issue Price but, for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received and the Register will be updated on the Settlement Day.

The Issue Price per Unit of the Fund created and issued pursuant to a Creation Application shall be the Net Asset Value as at the Valuation Point of the relevant Dealing Day divided by the total number of Units rounded to the nearest 2 decimal places (or such other number of decimal places or method of rounding as may be determined by the Manager from time to time with the approval of the Trustee).

If a Creation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. The Dealing Deadline is 11 a.m. (Singapore time).

Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the Deposited Property.

11.2 Confirmation Note

For every successful application for Units, the Participating Dealer will be sent a confirmation, detailing the number of Units allotted within 7 Business Days of the receipt of the application by the Registrar. All Units created through subscription of Units through the Participating Dealer will be entered on the records of CDP in the name of the Participating Dealer or its nominee.

11.3 Creation Application Request

No Units shall be issued to any Participating Dealer unless (i) the Creation Application is in a form and substance satisfactory to, and accompanied by such documents required as set out in the application form and such other documents as may be required by, the Trustee and the Manager in accordance with the Operating Guidelines, (ii) the Trustee and the Manager receive copies of the certifications required under the Participation Agreement in respect of the creation of new Units, and (iii) the Trustee and the Manager receive such other certifications and opinions of counsel as each may consider necessary to ensure compliance with applicable securities and other laws in relation to the creation and issue of Units which are the subject of the Creation Application.

11.4 Transaction Fee

A Transaction Fee may be charged as set out in paragraph 17.3 below, in respect of each Creation Application. The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Units (and may be set off and deducted against any Cash Component due to the Participating Dealer in respect of such Creation Applications) for the benefit of the Trustee.

11.5 Cancellation of Creation Application of Units

The Trustee shall cancel a Creation Application of Units if all the Index Securities and the Cash Equivalent (in the case and to the extent where the Manager agrees at its absolute discretion to accept such Cash Equivalent) constituting the Application Basket have been deposited for exchange have not been vested (in the case of the Index Securities) or received in cleared funds (in the case of the cash portion) by or on the relevant Settlement Day in the Trustee or to the Trustee's satisfaction or evidence of title and instruments of transfer satisfactory to the Trustee (in the case of the Index Securities) have not been produced to or to the order of the Trustee, or the full amount of any Cash Component and Transaction Fee payable have not been received in cleared funds by or on behalf of the Trustee by such time on the Settlement Day as prescribed in the Operating Guidelines.

Upon the cancellation of any Creation Application as provided for above or if a Participating Dealer otherwise withdraws a Creation Application other than in the circumstances contemplated in the Trust Deed, such Index Securities as have been vested in or the Cash Equivalent (where applicable) as have been received by the Trustee in connection with a Creation Application (in either case in respect of such cancelled Units) shall be redelivered to the Participating Dealer and the relevant Units shall be deemed for all purposes never to have been created and the applicant therefore shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

- (i) an Application Cancellation Fee may be charged to the Participating Dealer for the account of the Trustee;
- (ii) the Participating Dealer may be required to pay to the Trustee for the account of the Fund in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application;
- (iii) the Manager has a right to seek compensation from the Participating Dealer for the account of the Fund in the event that a Creation Application is cancelled. This compensation shall encompass all reasonable costs incurred including any Duties and Charges and any losses suffered by the Fund for having to unwind the trades as a result of the cancellation;
- (iv) the Trustee shall be entitled to retain the Transaction Fee payable in respect of the cancellation of a Creation Application; and
- (v) no previous valuations of the Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

11.6 The Manager's Discretion to Accept Cash for Creation and Issue of Units

If the Manager determines in its absolute discretion (following an Application by a Participating Dealer) that an Index Security is likely to be unavailable for delivery or available in insufficient quantity for delivery to the Trustee for whatever reasons, in connection with a Creation Application, then the Manager shall have the right in its discretion to accept the Cash Equivalent by reference to the market value at the Valuation Point for the relevant Dealing Day of such Index Security in lieu of accepting such Index Security as constituting part of the relevant Application Basket; or

If the Manager (following an Application by a Participating Dealer) is satisfied that in connection with the issue of any Units the Participating Dealer in question is prevented by regulation or otherwise from investing or engaging in a transaction in any Index Security, the Manager shall have the right in its absolute discretion to accept Cash Equivalent by reference to the market value at the Valuation Point for the relevant Dealing Day of such Index Security in lieu of accepting such Index Security constituting part of the relevant Application Basket.

11.7 The Manager's Discretion to Accept Cash Collateral for Creation and Issue of Units

If the Manager determines in its discretion (following a partial delivery request by a Participating Dealer) that any Index Security is likely to be unavailable for delivery or available in insufficient quantity for delivery to the Trustee in connection with a Creation Application pursuant to the Trust Deed, then the Manager shall have the right in its discretion to accept an amount of cash determined by reference to 110% of the market value at the Valuation Point for the relevant Dealing Day of such Index Security as collateral for such Index Security until it is delivered.

Any such collateral will be held for the account of the Fund and shall be returned to the Participating Dealer (less any dividends, bonus shares or any other type of entitlements, in the event that any of the Index Securities that were cash collateralised have gone “ex” for corporate actions purposes (ex-dividend, ex-bonus shares or ex for any other type of corporate actions) during the period which the cash collateral was held instead of Index Securities, unless the equivalent value of such entitlement as calculated by the Manager and agree with the Participating Dealer have been delivered to the Trustee by the Participating Dealer) as soon as practicable after all the remaining balances of the Index Securities have been delivered by the Participating Dealer and received successfully by the Trustee.

The Manager may, subject to the provisions of the Participation Agreement, charge the Participating Dealer for the account of the Trustee a Partial Delivery Request Fee for such partial delivery request (as described in paragraph 17.3 below).

11.8 No Certificates

Certificates will not be issued in respect of Units in the Fund. Units will be deposited, cleared and settled by the CDP, and held in book-entry form. CDP is the registered owner (i.e. the sole Unitholder on record) of all outstanding Units deposited with the CDP and is therefore recognised as the legal owner of such Units. Investors owning Units are beneficial owners as shown on the records of CDP or the Participating Dealers (as the case may be).

12. REDEMPTION OF UNITS

12.1 Redemption Application

Only Participating Dealers may apply to redeem Units. Thus, investors who wish to redeem their Units directly should consult the Participating Dealer for the applicable terms and conditions for assisting the investors with their Redemption Application.

The Manager shall have the exclusive right, at any time and from time to time following a Redemption Application made by a Participating Dealer in accordance with the Operating Guidelines, by notice in writing to the Trustee to effect a reduction of the assets of the Fund on the relevant Settlement Day by requiring the Trustee to cancel the number of Units specified in such notice.

A Redemption Application shall only be made or accepted (as the case may be) on a Dealing Day and shall only be in respect of Units constituting an Application Unit size or whole multiples thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement. The minimum holding is one Application Unit.

12.2 Redemption Value

The Redemption Value shall be based on forward pricing which means that the Redemption Price of the Units shall not be ascertainable at the time of application to redeem Units.

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value of the Fund divided by the total number of Units in issue as at the Valuation Point of the relevant Dealing Day rounded to the nearest 2 decimal places (or such other method of rounding as the Manager may from time to time determine with the approval of the Trustee).

If a Redemption Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received. The Dealing Deadline is 11 a.m. (Singapore time).

12.3 Redemption Application Request

The Manager shall, on receipt of a valid Redemption Application from a Participating Dealer, effect the redemption of the relevant Units and upon receipt of the Units to be redeemed shall require the Trustee to transfer to the Participating Dealer the appropriate number of the Index Securities and/or pay the correct amount of the Cash Equivalent (where the Manager decides to pay the Cash Equivalent in lieu of the Index Securities at its absolute discretion) constituting the Application Basket and the Cash Component (where applicable).

To be effective, a Redemption Application must:

- (i) be given by a Participating Dealer in accordance with a Participation Agreement;
- (ii) specify the number of Units which is the subject of the Redemption Application; and
- (iii) include the certifications required in the Operating Guidelines in respect of redemptions of Units, together with such certifications and opinions of counsel as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Trustee shall not be obliged to deliver (and shall have a general lien over) the Index Securities to be transferred and/or pay the Cash Equivalent (if applicable) constituting the Application Basket or the Cash Component (where applicable) to be paid in respect of the relevant Redemption Application until the Units to be redeemed are received to the order of the Trustee and the Transaction Fee payable by the Participating Dealer is paid in full in cleared funds to or to the order of the Trustee.

Unless specifically requested to do so by the Participating Dealer concerned, not later than one month after the relevant Dealing Day, the Trustee shall be under no obligation to check the calculation of the Redemption Value in connection with any redemption or cancellation of Units but shall be entitled at any time before the audited accounts of the

Fund, covering the relevant Dealing Day, have been prepared, to require the Manager to justify its calculation of the Redemption Value.

Provided that on the relevant Settlement Day in relation to an effective Redemption Application:-

- (i) the Units, which are the subject of the Redemption Application, shall be redeemed and cancelled; and
- (ii) the assets of the Fund shall be reduced by the cancellation of those Units but, for valuation purposes only, such Units shall be deemed to have been redeemed and cancelled after the Valuation Point as at the Dealing Day on which the Redemption Application was received,

the Trustee shall transfer the Index Securities or pay the Cash Equivalent (if applicable) and the Cash Component (where applicable) relevant to the Redemption Application out of the Deposited Property of the Fund to the Participating Dealer.

No Index Security shall be transferred and, if and where applicable, no cash payment for the Cash Equivalent and the Cash Component shall be paid in respect of any Redemption Application, unless Units, which are the subject of the Redemption Application, have been delivered to the Trustee for redemption by such time on the Settlement Day as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally. In the event that Units, which are the subject of a Redemption Application, are not delivered to the Trustee for redemption in accordance with the foregoing:

- (i) the Redemption Application shall be deemed never to have been made except that the Transaction Fee in respect of such application shall remain due and payable and once paid, shall be retained by the Trustee;
- (ii) an Application Cancellation Fee may be charged to the Participating Dealer for the account of the Trustee;
- (iii) the Participating Dealer may be required to pay to the Trustee, for the account of the Fund, in respect of each Unit Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if a Participating Dealer had, on the final day permitted for delivery of Units the subject of the Redemption Application, made a Creation Application; and
- (iv) no previous valuations of the Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

12.4 Transaction Fee

A Transaction Fee may be charged as set out in paragraph 17.3 below, in respect of each Redemption Application. The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) for the benefit of the Trustee.

13. TRADING OF UNITS THROUGH THE SGX-ST

Investors may also acquire issued Units using cash only on the SGX-ST during normal trading hours on any Singapore Business Day through brokers at market prices throughout the trading day for SGX-ST. Such sale and purchase will be transacted on a willing-buyer-willing-seller basis and will be subject to such applicable market fees or charges and conditions, including but not limited to broker fees and bid-ask condition. An investor who wishes to purchase the Units on the SGX-ST must (if not already done so) open a direct account with CDP or a sub-account with any CDP depository agent which may be a member company of the SGX-ST, bank, merchant bank or trust company.

Investors who buy and sell the Units on the SGX-ST should note that market prices for Units listed and traded on the SGX-ST may, however, be different from their Net Asset Value per Unit.

14. DETERMINATION OF NET ASSET VALUE

The Net Asset Value of the Fund will be determined as at the Valuation Point on each Dealing Day by valuing the assets of the Fund and deducting the liabilities of the Fund, in accordance with the terms of the Trust Deed.

The Trust Deed provides amongst other things that:-

- (i) all calculations based on the value of investments quoted, listed, traded or dealt in on any Market shall be made by reference to the price appearing to the Manager to be the last traded price on the Market for such investments provided that the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the last traded prices;
- (ii) if no net asset value, bid and offer prices or price quotations are available as provided in paragraph (i) above, the value of the relevant investment shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager with the approval of the Trustee;
- (iii) the value of any investment which is not ordinarily dealt in on a Market or any investment which is listed or ordinarily dealt in on a Market but which the Manager determines with due care and in good faith, that the price is not representative shall be based on its fair value (being the price that the Fund would reasonably expect to receive upon the current sale of the investment) made by a professional person approved by the Trustee as qualified to value such investments;
- (iv) cash, deposits and similar investments shall be valued at their face value unless, in the opinion of the Manager, any adjustment should be made to reflect the fair value thereof; and
- (v) notwithstanding the foregoing, the Manager may adjust the value of any investment if, having regard to relevant circumstances, the Manager considers that such adjustment is required to reflect the fair value of the investment.

15. SUSPENSION OF VALUATIONS AND DEALINGS

15.1 Suspension of Valuation

The Manager may and/or the Trustee, after giving notice to the other party, declare a suspension of the determination of the Net Asset Value of the Fund for the whole or any part of any period during which:

- (i) there is in existence any state of affairs prohibiting the normal disposal of the investments of the Fund;
- (ii) circumstances exist as a result of which, in the opinion of the Manager and/or the Trustee, it is not reasonably practicable to realise any Index Securities held or contracted for the account of the Fund or it is not possible to do so without materially prejudicing the interest of Unitholders;
- (iii) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, any Index Securities or the subscription or realisation of Units is delayed or cannot, in the opinion of the Manager and/or the Trustee, be carried out promptly or at normal rates of exchange;
- (iv) the right to redeem Units of the Fund is suspended;
- (v) any period when any Recognised Stock Exchange in Japan on which an Index Security has its primary listing, or the official clearing and settlement depositary (if any) of any such Recognised Stock Exchange in Japan, is closed otherwise than for ordinary holidays;
- (vi) any period when dealings on any Recognised Stock Exchange in Japan on which an Index Security has its primary listing are restricted or suspended;
- (vii) any period when, in the opinion of the Manager and/or the Trustee, settlement or clearing of Index Securities in the official clearing and settlement depositary (if any) of any Recognised Stock Exchange in Japan is disrupted;
- (viii) the existence of any state of affairs as a result of which delivery or purchase of Index Securities or disposal of investments for the time being comprised in the Fund cannot, in the opinion of the Manager and/or the Trustee, be effected normally or without prejudicing the interests of the Unitholders;
- (ix) any period when the Index is not compiled or published;
- (x) any breakdown in the means normally employed in determining the Net Asset Value or the Net Asset Value per Unit or when for any other reason the Value of any Index Securities or other property for the time being comprised in the Fund cannot, in the opinion of the Manager and/or the Trustee, reasonably, promptly and fairly be ascertained;
- (xi) any 48 hour period (or such longer period as may be agreed between the Manager and the Trustee) prior to the date of any meeting of Unitholders (or any adjourned meeting thereof);

- (xii) any period when the business operations of the Manager or the Trustee in relation to the operations of the Fund 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;
- (xiii) any period when the dealing of Units is suspended pursuant to any order or direction issued by the Authority; or
- (xiv) upon listing of the Units on the SGX-ST and for so long as the Units are listed on the SGX-ST:
 - (a) any period when the SGX-ST is closed (otherwise than for ordinary holidays);
 - (b) any period when dealings of the Units on the SGX-ST are restricted or suspended; or
 - (c) any period when settlement or clearing of the Units in the CDP is disrupted.

A suspension of the determination of the Net Asset Value shall take effect forthwith upon the Manager or the Trustee making a declaration pursuant to this paragraph 15.1 and thereafter there shall be no determination of the Net Asset Value or Net Asset Value per Unit or the Issue Price or Redemption Value of Units and the Manager shall be under no obligation to rebalance the Deposited Property of the Fund until the suspension shall have terminated (as provided in paragraph 15.3 below).

15.2 Suspension of Redemption

The Manager and/or the Trustee may, at its/their discretion, at any time after giving notice to the other party and where practicable following consultation with the relevant Participating Dealers, suspend the right of Participating Dealers / Unitholders to require the redemption of Units and/or delay the payment of any moneys and transfer of any Index Securities in respect of any Redemption Application during:

- (i) any period when any Recognised Stock Exchange in Japan on which an Index Security has its primary listing, or the official clearing and settlement depository (if any) of any such Recognised Stock Exchange in Japan, is closed otherwise than for ordinary holidays;
- (ii) any period when dealings on any Recognised Stock Exchange in Japan on which an Index Security has its primary listing are restricted or suspended;
- (iii) any period when, in the opinion of the Manager and/or the Trustee, settlement or clearing of Index Securities in the official clearing and settlement depository (if any) of any Recognised Stock Exchange in Japan is disrupted;

- (iv) the existence of any state of affairs as a result of which delivery or purchase of Index Securities or disposal of investments for the time being comprised in the Fund cannot, in the opinion of the Manager and/or the Trustee, be effected normally or without prejudicing the interests of the Unitholders;
- (v) any period when the Index is not compiled or published;
- (vi) any breakdown in the means normally employed in determining the Net Asset Value or the Net Asset Value per Unit or when for any other reason the Value of any Securities or other property for the time being comprised in the Fund cannot, in the opinion of the Manager and/or the Trustee, reasonably, promptly and fairly be ascertained;
- (vii) any 48 hour period (or such longer period as may be agreed between the Manager and the Trustee) prior to the date of any meeting of Unitholders (or any adjourned meeting thereof);
- (viii) any period when the business operations of the Manager or the Trustee in relation to the operations of the Fund 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;
- (ix) any period when the dealing of Units is suspended pursuant to any order or direction issued by the Authority; or
- (x) upon listing of the Units on the SGX-ST and for so long as the Units are listed on the SGX-ST:
 - (a) any period when the SGX-ST is closed (otherwise than for ordinary holidays);
 - (b) any period when dealings of the Units on the SGX-ST are restricted or suspended; or
 - (c) any period when settlement or clearing of the Units in the CDP is disrupted.

A suspension of the redemption of Units (which shall include a delay in the payment of any moneys and the transfer of Index Securities) in accordance with this paragraph 15.2 shall become effective on declaration by the Manager or the Trustee (as applicable).

15.3 Termination of Suspension

A suspension of the determination of the Net Asset Value or redemption of Units (as the case may be) shall terminate upon the earlier of:

- (i) the Manager or the Trustee (as applicable) declaring the suspension at an end; and
- (ii) the day following the first Business Day on which (a) the condition giving rise to the suspension has ceased to exist and (b) no other condition under which suspension is authorised under paragraph 15.1 or 15.2 (as the case may be) exists.

15.4 Notification of Suspension to Unitholders and Others

As soon as may be practicable after any declaration by the Manager or the Trustee pursuant to paragraph 15.1 or 15.2, the Manager shall procure or cause a notice of such declaration and at least once a month during the period of such suspension to be published on the Manager's website. For as long as the Units are listed on the SGX-ST, such suspension shall also be publicly announced via the SGXNET.

- 15.5** No Units will be created or issued during any period of suspension. The Manager may at any time by notice to the other parties, suspend the issue of Units if, as a result of the investment of the proceeds of issue of such Units, the Fund would breach a provision of the Non-Specialised Funds Investment Guidelines and the Authority has not agreed to waive that provision, and the relevant provisions relating to suspension of the right of Unitholders to redeem Units shall also apply in accordance with the provisions of the Trust Deed.

16. DISTRIBUTION POLICY

The Manager may in consultation with the Shariah Adviser decide to distribute income to Unitholders at such times as it may determine in each financial year. Investors should note that in the event that the Shariah Adviser is of the opinion that the Fund invests or has invested in Index Securities or former Index Securities that have generated certain income or dividend which are considered to be non "pure" by the Shariah Adviser (i.e. being non-Shariah compliant), such income or dividend may be required by the Shariah Adviser to be "purified", (i.e. by taking such non "pure" amount out from the Fund and donating the non "pure" amount to charity(ies) as may be selected by the Manager and the Shariah Adviser). Therefore, the amount to be distributed to Unitholders will be derived from the net income of the Fund (post purification by the Fund of such non "pure" amount as mentioned in the foregoing). Whilst the Manager currently intends to pay out income distribution of the Fund to Unitholders annually, there can be no assurance that the Manager will declare such dividends or make other distributions annually. Distributions will only be paid to the extent that they are available for distribution pursuant to the Trust Deed.

On a distribution, the Trustee, in accordance with the instructions of the Manager, will allocate the amounts available for distribution between Unitholders and will pay such amounts to Unitholders.

Amounts to be distributed in respect of each Unit shall be rounded to the nearest US\$0.01 per Unit. Subject to the Trust Deed, the Trustee shall cause distributions payable to a Unitholder which remains unclaimed by the Unitholder for more than six (6) years to be paid into court after deducting all fees, costs and expenses incurred in relation to such payment from the sum thereof provided that if the said sum is insufficient to meet all such fees, costs and expenses, the Trustee shall be entitled to have recourse to the Deposited Property.

Income received by the Fund pending distributions may be invested by the Manager in a Shariah compliant manner and consistent with achieving the investment objective of the Fund.

17. FEES, CHARGES AND EXPENSES

17.1 Manager's Fee

The Manager is entitled to receive a management fee, currently at the rate of 0.75 per cent. per annum of the Net Asset Value of the Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

Under the terms of the Trust Deed, the Manager may, on giving not less than one month's notice to the Trustee and the affected Unitholders, increase the rate of the management fee payable up to or towards the maximum rate of 1.00 per cent. per annum of the Net Asset Value of the Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

The Manager will pay all fees and expenses chargeable by the Trustee, Custodian Registrar, Investment Adviser, Shariah Adviser, Index Provider and the Auditors, out of its own management fee and such fees and expenses shall not be charged to the Fund.

17.2 General Expenses

Any promotional expenses incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the Fund will not be paid (either in whole or in part) out of the assets of the Fund.

All the expenses incurred in connection with the convening of meetings of Unitholders and all other transactional costs and operating costs (relating to the administration of the Fund) shall be paid out of the assets of the Fund.

17.3 Fees and Charges Payable by Participating Dealers

The fees and charges payable by or on behalf of Participating Dealers in respect of the Fund are summarised as follows (these fees will not affect investors who deal or trade their Units on the SGX-ST):

| Creation of Units: | |
|---|-----------------------------|
| Transaction Fee ¹ (applicable for each Creation Application) | US\$ 1,300 per Application. |
| Application Cancellation Fee ² (only if applicable) | US\$ 2,100 per Application. |
| Partial Delivery Request Fee ³ (only if applicable) | US\$ 2,100 per Application. |
| Redemption of Units: | |
| Transaction Fee ¹ (applicable for each Redemption Application) | US\$ 2,100 per Application. |
| Application Cancellation Fee ² (only if applicable) | US\$ 2,100 per Application. |

¹ A Transaction Fee (which includes any applicable Duties and Charges, the conversion agent fee and out-of-pocket expenses) is payable by the Participating Dealer to the Trustee for its own benefit.

² An Application Cancellation Fee is payable by the Participating Dealer to the Trustee for its own benefit.

³ A Partial Delivery Request Fee is payable by the Participating Dealer to the Trustee for its own benefit, pursuant to paragraph 11.7 above.

Investors who wish to subscribe for or redeem their Units in the primary market through the Participating Dealer should note that the abovementioned fees payable by the Participating Dealer in the Creation of Units and Redemption of Units will ultimately be passed on and borne by the investors. Investors should also note that there may be brokerage fees and other charges in addition to the abovementioned fees that may be imposed by the Participating Dealer to the investors for assisting with the Application. Thus, investors should consult the Participating Dealer for the applicable terms and conditions for assisting the investors with their Application. The Participating Dealer is under no obligation to accept instructions to create or redeem Units on behalf of any investors.

17.4 Fees and Charges Payable by Investors Dealing in Units on the SGX-ST

The fees and charges payable by investors dealing or trading the Units on the SGX-ST are summarised as follows:

| | |
|-----------------------------|---|
| Subscription/Redemption fee | Nil |
| Brokerage | Market rates. Investors will have to bear brokerage fees charged by their stockbrokers. |
| Clearing fee | Currently the clearing fee for trading Units on the SGX-ST is at the rate of 0.04 per cent. of the transaction value, subject to a maximum of S\$600 per transaction and subject to the prevailing goods and services tax ("GST") (currently 7%). |
| Trading fee | Currently the trading fee for trading Units on the SGX-ST is at the rate of 0.0075 per cent. of the transaction value and subject to the prevailing GST (currently 7%). |

17.5 Fees and Charges Payable by the Fund

The fees and charges payable by the Fund are summarised as follows:

| | |
|----------------|--|
| Manager's fee* | Currently 0.75 per cent. per annum. Maximum 1.00 per cent. per annum. |
|----------------|--|

* The Trustee's fee up to maximum of 0.1% per annum will be paid by the Manager and will not be charged to the Fund. The fees of the Custodian, Investment Adviser, Index Provider and Auditors and the ongoing fees of the Shariah Adviser, will also be borne by the Manager and will not be charged to the Fund.

Please note that the costs of establishing the Fund, the costs of preparation of this Prospectus and the costs of seeking and obtaining authorisation from the Authority as well as the SGX-ST listing and all initial legal and printing costs in respect of the Fund (the "**Cost of Establishment of the Fund**") borne by the Fund had not exceeded US\$ 300,000 (which included legal fees, Shariah Adviser's initial structuring fee and Trustee's inception fee). The Cost of Establishment of the Fund was amortised over a period of one year from the date when the initial Units are issued.

Investors should be aware that amortisation of preliminary expenses was not in compliance with Recommended Accounting Practice 7: Reporting Framework for Unit Trusts issued by the Institute of Certified Public Accountants of Singapore ("RAP 7"), which requires such expenses to be written off as incurred, however this will be reconciled in the accounts of the Fund as described further in paragraph 21 below.

18. RISK FACTORS

The Fund is subject to the following principal risks. Some or all of the following risks may adversely affect the Fund's Net Asset Value, yield, total return and/or its ability to achieve its investment objective. Investors should note the following risk factors associated with investing in the Fund. The following statements are intended to be summaries of some of those risks. They are by no means exhaustive and investors should be aware that an investment in the Fund may be exposed to other risks of an exceptional nature from time to time. Investors should carefully consider the risk factors described below (which are not to be construed as offering advice on the suitability of investing in the Fund in any way) together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Fund.

18.1 Shariah Investment Guidelines

As the Fund's investment activities will be performed in accordance with the Shariah Investment Guidelines, as a consequence, the Fund may be required to undertake or dispose of investments in circumstances that are less advantageous than might otherwise be the case for other investment funds that do not seek to adhere to Islamic investment criteria. The Manager will be advised by the Shariah Adviser, as set out in the Consultancy Agreement executed between the Manager and the Shariah Adviser and where pursuant to such advice by the Shariah Adviser, the Manager may not be allowed to make certain investments which, in the opinion of the Shariah Adviser, are not or are no longer, in compliance with the Shariah Investment Guidelines. For instance, cash balances held by the Fund from time to time may be deposited on terms which may grant less favourable or no return on the sum deposited to the benefit of the Fund or certain income or dividend which are considered to be non "pure" by the Shariah Adviser for being non-Shariah compliant may be required to be "purified" by donating them to charity(ies) such that the net amount being distributed to Unitholders may be less than in the case where the Fund is not a Shariah compliant fund.

Although the Fund intends to observe the Shariah Investment Guidelines at all times, no such assurance can be given, as there may be occasions when the Fund's investments do not fully comply with such criteria for factors outside the control of the Manager.

18.2 Market Risk

The Net Asset Value will change with changes in the market value of the Index Securities the Fund holds. The price of Units and the income from them may go down as well as up. Investors may not get back their original investment. Whilst the Manager currently intends to pay out income distributions of the Fund annually, there is no guarantee that the Manager would make such distributions to investors. Investment in the Fund involves risks similar to those inherent in any fund of equity securities traded on an exchange, such as market fluctuations caused by factors like economic and political developments, changes

in interest rates and foreign exchange. A significant decline in the value of the Index can therefore be expected to result in a similar decline in the Net Asset Value of the Units.

18.3 Passive Investment

The Fund is not actively managed. Accordingly, the Fund may be affected by a decline in world market segments relating to the Index. The Fund invests in the Index Securities included in the Index and the Index Securities held by the Fund will passively reflect the distribution of companies whose securities are included in the Index. Therefore, adverse changes in the financial condition or share performance of any company included in the Index will not result in the sale of the shares of such company, and will be likely to affect adversely the Fund's value and the trading price of the Units. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets. Therefore, the Manager will have limited discretion to remove the securities of such company from the Fund.

18.4 Tracking Error Risk

Factors such as the fees and expenses of the Fund, imperfect correlation between the Fund's assets and the Index Securities constituting the Index, rounding of share prices, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the performance of the Index. The Fund's returns may therefore deviate from the Index.

18.5 Foreign Security Risk

An investment in Units of the Fund involves risks similar to those of investing in a broad-based portfolio of equity securities traded on exchanges in the relevant overseas securities market, including market fluctuations caused by factors such as economic and political developments, changes in interest rates and perceived trends in stock prices. The principal risk factors, which could decrease the value of your investment, are listed and described below:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the expatriation of funds or other assets of the Fund;
- higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;

- higher rates of inflation; and
- greater social, economic, and political uncertainty and the risk of nationalisation or expropriation of assets and risk of war or terrorism.

18.6 Foreign Exchange Risk

As the Fund's investments are generally invested in Japanese securities such that a substantial portion of the revenue and income of the Fund may be received in a currency other than the Fund's base currency of US dollars, any fluctuation in the exchange rate of the US dollar relative to the relevant foreign currency will affect the Net Asset Value of the Fund. As the Fund's Net Asset Value is determined on the basis of the US dollar, you may lose money if the Japanese Yen depreciates against the US dollar, even if the value of that Index Security in Japanese Yen actually goes up. The Manager will not hedge against such foreign currency exposure.

18.7 Trading Risk

The Fund is structured as an index fund and the Net Asset Value of Units of the Fund will fluctuate with changes in the market value of the Fund's holdings of the Index Securities and changes in the exchange rate between the US dollar and the subject foreign currency. The market prices of Units will fluctuate in accordance with changes in Net Asset Value and supply and demand on any exchange on which Units are listed. The Manager cannot predict whether Units will trade below, at or above their Net Asset Value. Price differences may be due, in large part, to the fact that supply and demand forces in the secondary trading market for Units will be closely related, but not identical, to the same forces influencing the prices of the Index Securities trading individually or in the aggregate at any point in time. Given, however, that Units must be created and redeemed in Application Unit aggregations (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset Value), the Manager believes that ordinarily large discounts or premiums to the Net Asset Value of Units should not be sustained. In the event that the Manager suspends creations and/or redemptions of Units of the Fund, the Manager expects larger discounts or premiums.

18.8 Absence of prior active market

Although application has been made for the Units to be listed for trading on the SGX-ST, there can be no assurance that an active trading market will be developed or be maintained. There is no certain basis for predicting the actual price levels at, or sizes in, which Units may trade. Further, there can be no assurance that investors in the Units will experience trading or pricing patterns similar to those of market-traded shares which are issued by investment companies in other jurisdictions or which are based upon indices other than the Index.

18.9 Dealing risk

Following listing on the SGX-ST, it is likely that the Units will initially not be widely held. Accordingly any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. In order to address such dealing risk, a market maker has been appointed for trading of the Units.

18.10 Creation and Redemption through Participating Dealers only

Investors should note that the Fund is not like a typical unit trust offered to the public in Singapore. Units may only be created and redeemed in Application Unit sizes by Participating Dealers who are under no obligation to agree to do so on behalf of any investor. Therefore, Units may not be subscribed for, or redeemed, directly through the Manager by the investors. Each Participating Dealer may, in its absolute discretion, refuse to accept a creation order from an investor and can charge such fees as it may determine. The willingness of a Participating Dealer to redeem Units may depend upon, but is not limited to, that Participating Dealer's ability to sell the relevant Index Securities as well as any agreement which may be reached between the investor and the Participating Dealer. In addition, the Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities through the CDP is disrupted or the Index is not compiled or published. The Participating Dealers will also not be able to create or redeem Units if some other event occurs which impedes the calculation of the Net Asset Value of the Fund or disposal of the Fund's portfolio securities cannot be effected. Investors may generally only realise the value of their Units by selling their Units on the SGX-ST. These features are not usually present in a typical unit trust offered to the public in Singapore, where units can generally be purchased and redeemed directly by the investors through the Manager.

18.11 Risk inherent in Index Securities

As the Fund invests in Index Securities, the price of Units may fluctuate in response to changes in interest rates, foreign exchange, economic and political conditions and the financial condition of issuers of the Index Securities.

18.12 Units may trade at prices other than at Net Asset Value

The Net Asset Value of the Fund represents the fair price for buying or selling Units. As with any listed fund, the secondary market price of Units may sometimes trade above or below this Net Asset Value. There is a risk, therefore, that Unitholders may not be able to buy or sell at a price close to this Net Asset Value. The deviation from Net Asset Value is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Units on the SGX-ST. However, given that the Units can be created and redeemed in Application Unit sizes by Participating Dealers, as applicable, it is not anticipated that large discounts or premiums will be sustained.

18.13 Trading in Units on the SGX-ST may be suspended

Investors will not be able to purchase or sell Units on the SGX-ST during any period that the SGX-ST suspends trading in the Units. The SGX-ST may suspend the trading of Units whenever the SGX-ST determines that it is appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Units will also be suspended in the event that the trading of Units on the SGX-ST is suspended. The SGX-ST imposes certain requirements for the continued listing of securities, including the Units, on the SGX-ST. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain the listing of Units on the SGX-ST or that the SGX-ST will not

change the listing requirements. The Fund may be terminated if Units are delisted from the SGX-ST. Dealings of Units on the SGX-ST may not necessarily be suspended in the event that the creation and redemption of Units is temporarily suspended by the Manager in accordance with the terms of the Trust Deed. If the creation and redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the Net Asset Value of the Fund.

18.14 The Fund is different from a typical unit trust offered to the public in Singapore

Investors should note that the Fund is not like a typical unit trust offered to the public in Singapore. Units may only be created and redeemed in Application Unit sizes by Participating Dealers and Units may not be subscribed for, or redeemed, directly through the Manager by the investors. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities in CDP is disrupted or the Index is not compiled or published. Investors may generally only realise the value of their Units by selling their Units on the SGX-ST. These features are not usually present in a typical unit trust offered to the public in Singapore, where units can generally be purchased and redeemed directly by the investors through the Manager.

18.15 Minimum creation and redemption size

Units will normally only be issued or redeemed in Application Unit sizes (currently 1,000,000 Units or whole number multiples thereof). Investors who do not hold Application Unit sizes may only be able to realise the value of their Units by selling their Units on the SGX-ST.

18.16 Minimum Fund Size

The Fund is structured as an index fund with a low total expense ratio (including such items such as Manager's fees and Trustee's fees compared to typical retail unit trusts). As with any fund, in order to remain viable, the size of the Fund must be sufficient to cover at least its fixed operating costs; given the relatively low fees charged to and payable by the Fund, this means, that the minimum size of the Fund needs to be significantly larger than other typical unit trust. As provided under paragraph 31(i) below, the Manager may terminate the Fund if after 3 years from the date of the Trust Deed, the aggregate Net Asset Value of Units outstanding in the Fund is less than US\$40 million.

19. RISK FACTORS RELATING TO THE INDEX

19.1 Errors, inaccuracies or incompleteness in the Index

There may be inaccuracies, errors, omissions or mistakes in the compilation or calculation of the Index, which may result in significant deviations between the Net Asset Value of the Units and the Index. No warranty, representation or guarantee is given as to the accuracy or completeness of the Index and its computation or any information related thereto. The process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by FTSE without notice. The Manager and the Trustee are not responsible or involved in the compilation or calculation of the Index, and thus cannot be held responsible or liable for any inaccuracies, errors, omissions or mistakes in such compilation or calculation. More

than one risk factor may have simultaneous effects with regard to the Units such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect, which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Units.

19.2 Index is subject to fluctuations

The performance of the Units should correspond closely with the performance of the Index. The Index may experience periods of volatility in the future. If the Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

19.3 Composition of and weightings in the Index may change

The securities which comprise the Index are changed by FTSE from time to time. The price of the Units may rise or fall as a result of such changes. The composition of the Index may also change if one of the constituent companies were to delist its securities or if a new eligible company were to list its securities and be added to the Index. If this happens, the weightings or composition of the Index Securities invested by the Fund would be changed as considered appropriate by the Manager in order to achieve the Investment Objective. Thus, an investment in Units will generally reflect the Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units. Appendix II – “The FTSE SHARIAH JAPAN 100 INDEX” describes how the Index is compiled.

19.4 Licence to use the Index may be terminated

The Manager has been granted a non-exclusive licence by FTSE to use the Index in connection with the operation, marketing and promotion of the Fund. The Fund may be terminated if the Index licence agreement is terminated and the Manager is unable to identify or agree with the Index Provider or any other index provider terms for the use of a suitable replacement index that uses, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as the Index. Any such replacement index will be notified to Unitholders. Accordingly, prospective investors should note that the ability of the Fund to track the Index depends on the continuation in force of the Index licence agreement in respect of the Index or a suitable replacement.

20. DISCLAIMERS

20.1 Disclaimer by FTSE

The Fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (“**FTSE**”), the London Stock Exchange Plc (“**LSE**”) or by The Financial Times Limited (“**FT**”) and neither FTSE nor LSE nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE SHARIAH JAPAN 100 Index (or the Index) and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, neither FTSE nor LSE nor the Exchange nor FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE nor LSE nor the Exchange nor FT shall be under any obligation to advise any person of any error therein.

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20.2 Disclaimer by Daiwa Capital Markets Singapore Limited. (formerly known as Daiwa Securities SMBC Singapore Ltd.)

In respect of this Prospectus or any advertisement issued by any person (other than a member of Daiwa Capital Markets Singapore Limited.(formerly known as Daiwa Securities SMBC Singapore Ltd.)) no member of Daiwa Capital Markets Singapore Limited. (formerly known as Daiwa Securities SMBC Singapore Ltd.), Daiwa Securities Capital Markets Co. Ltd. (formerly known as Daiwa Securities SMBC Co. Ltd.) or Daiwa Securities Inc. or any employee of any member of Daiwa Capital Markets Singapore Limited. (formerly known as Daiwa Securities SMBC Singapore Ltd.) (i) makes any representation or accepts any responsibility for the issuance or contents thereof, or (ii) makes any representation as to the accuracy or completeness thereof, or (iii) has acted as an expert in connection with the preparation thereof, and each such member of Daiwa Capital Markets Singapore Limited. (formerly known as Daiwa Securities SMBC Singapore Ltd.) expressly disclaims any liability whatsoever to any person, including any Unitholder, for any loss howsoever arising from or in reliance upon the whole or any part of the contents thereof. To the extent permitted by law, Daiwa Capital Markets Singapore Limited. (formerly known as Daiwa Securities SMBC Singapore Ltd.) expressly disclaims any liability whatsoever to any Unitholder.

21. REPORTS AND ACCOUNTS

The financial year-end of the Fund is 31 December every year. The Manager will arrange for the audited accounts and the annual report to be prepared in respect of the Fund and the Trustee will cause the audited accounts and annual report to be sent to Unitholders within three months of each financial year-end (unless otherwise waived or permitted by the Authority). The Manager will also arrange for the semi-annual unaudited accounts and the semi-annual report to be prepared and the Trustee will cause for such accounts and report to be sent to Unitholders within two months of 30 June (unless otherwise waived or permitted by the Authority).

The Code currently requires accounts to be prepared in accordance with RAP 7. Investors should note that to the extent that any of the valuation principles used to determine the Fund's Net Asset Value per Unit at the Valuation Point with respect to each Dealing Day is or becomes inconsistent with RAP 7, the Fund's accounts may not necessarily be in line with the published Net Asset Value per Unit. In this case, a reconciliation note may be included in the accounts of the Fund to reconcile values arrived at by applying RAP 7 and the Net Asset Value per Unit by applying the Fund's valuation principles.

22. TRUST DEED

The Fund is established under Singapore law by the Trust Deed made between the Manager and the Trustee. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. In the event of any conflict between any of the provisions of this Prospectus and those of the Trust Deed, Participation Agreement, the provisions of the Trust Deed, Participation Agreement shall prevail. The Trust Deed contains provisions for the indemnification of the Trustee and the

Manager and their respective agents and their relief from liability in certain circumstances. Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

23. MODIFICATION OF TRUST DEED

The Trustee and the Manager may agree to modify the Trust Deed by supplemental or amending and restating deed provided that in the opinion of the Trustee such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders and (with the exception of the costs incurred in connection with the relevant supplemental or amending and restating deed) does not increase the costs and charges payable out of the assets of the Fund or (ii) is necessary in order to make possible compliance with any fiscal, statutory or official requirement (whether or not having the force of law) or (iii) is to remove obsolete provisions or made to correct a manifest error. In all other cases modifications require the sanction of an extraordinary resolution of the Unitholders affected.

Subject to the Code, any modifications to the Trust Deed, unless they are sanctioned by an extraordinary resolution of the Unitholders affected or in the opinion of the Trustee do not materially prejudice the interests of the Unitholders or are made to remove obsolete provisions or correct a manifest error, will be notified to the Unitholders and announced on the SGXNET as soon as practicable after they are made.

24. VOTING RIGHTS

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing one-tenth or more of the current Units in issue. These meetings may be used to modify the terms of the Trust Deed, including to increase the maximum fees payable to the service providers, to remove the Manager or the Trustee or to terminate the Fund at any time. Such amendments to the Trust Deed must be passed by a 75 per cent. majority of the votes cast. Subject to the Securities and Futures Act, Unitholders will be given not less than 14 days' notice of such meeting.

The Manager, Trustee and Custodian and any of their respective Connected Persons and any director of the Manager are prohibited from voting their beneficially held Units at or be counted in the quorum for a meeting at which they have a material interest in the business to be contracted.

The Manager should in respect of voting rights relating to investments of the Fund where the Manager would face conflicts of interests, cause these votes to be exercised in consultation with the Trustee.

25. RESTRICTIONS ON UNITHOLDERS

Every person purchasing Units will be deemed to have represented, agreed and acknowledged that it is not an Unauthorised US Person.

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held which would result in such holding being:-

- (i) a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the

Manager's opinion, might result in the Fund being adversely affected which the Fund might not otherwise have suffered; or

- (ii) in the circumstances which, in the Manager's opinion, may result in the Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Fund might not otherwise have incurred or suffered; or
- (iii) held by an Unauthorised US Person.

Upon notice that any Units are so held, the Manager may require such Unitholders to redeem or transfer such Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Units in breach of any of the above restrictions is required either to redeem his Units in accordance with the Trust Deed or to transfer his Units to a person whose holding would be permissible under this Prospectus and the Trust Deed.

26. TRANSFER OF UNITS

Units held by Unitholders may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the relevant Register in respect of such Units.

For so long as the Units are listed on the SGX-ST, transfers of Units between depositors (i.e. direct account holders with the CDP and depository agents whose names are entered in CDP's register in respect of Units held by them) shall be effected electronically through the CDP making an appropriate entry in CDP's electronic register of the Units that have been transferred in accordance with CDP's trading requirements, and the above paragraph will not apply to such transfers.

27. CONFLICTS OF INTEREST

The Manager, Trustee, Investment Adviser, Participating Dealer and Registrar and their respective associates (collectively, the "**Parties**") are or may be involved in other financial, investment and professional activities which may on occasion cause conflict of interest with the management of the Fund. These include, inter alia, the management of other funds, purchases and sales of securities, investment and management counselling, brokerage services, trustee and custodial services and serving as directors, officers, advisers or agents of other funds or other companies, including companies in which the 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 Unitholders.

The Managers and the Trustee shall conduct all transactions for and on behalf of the Fund at arm's length basis.

28. REMOVAL OR RETIREMENT OF THE MANAGER

Unless the Manager retires or is removed in accordance with the provisions of the Deed (as reproduced below), the Manager will remain as manager of the Fund for the entire duration of the Fund.

28.1 RETIREMENT OF THE MANAGER

The Manager shall have power to retire in favour of a corporation approved by the Trustee upon and subject to such corporation entering into such deed or deeds supplemental to the Trust Deed to replace the Manager.

The retiring Manager shall be absolved and released from all further obligations under the Trust Deed after a deed has been entered into to secure the due performance by the new manager of its obligations under the Trust Deed, and after the retiring Manager have paid to the Trustee all sums due by the Retiring Manager to the Trustee under the Trust Deed at the date thereby. However, this will not prejudice the rights of the Trustee or of any Unitholder, former Unitholder or other person in respect of any act or omission of the Manager prior to its retirement.

28.2 REMOVAL OF THE MANAGER

The Manager shall be subject to removal by written notice given by the Trustee in any of the following events:

- (i) if the Manager goes 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 its assets or if a judicial manager is appointed in respect of the Manager;
- (ii) if the Manager ceases to carry on business;
- (iii) if the Manager fails or neglects after reasonable notice from the Trustee to carry out or satisfy any obligations imposed on the Manager by the Deed;
- (iv) if for good and sufficient reason the Trustee is of the opinion, and so states in writing, that a change of the Manager is desirable in the interests of the Unitholders Provided That if the Manager within one month after such statement expresses its dissatisfaction in writing with such opinion, the matter shall then forthwith be referred to arbitration in accordance with the provisions of the Arbitration Act, Chapter 10 of Singapore, before three arbitrators, the first of whom shall be appointed by the Manager, the second of whom shall be appointed by the Trustee and third of whom shall be appointed by the President for the time being of the SGX-ST (failing which appointment the third arbitrator shall be jointly appointed by the Manager and the Trustee) and any decision made pursuant thereto shall be binding upon the Manager and the Trustee and the Unitholders;
- (v) if the Unitholders by extraordinary resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Schedule to the Deed decide to remove the Manager; and
- (vi) if the Authority withdraws its approval of the Manager as manager of the Fund or directs the Trustee to remove the Manager.

29. EXEMPTIONS FROM LIABILITY AND INDEMNITY OF MANAGER AND TRUSTEE

Please note that the following paragraphs are extracts from the Trust Deed and investors should refer to the Trust Deed for full details on the clauses relating to exemptions from liability providing to the Trustee and the Manager pursuant to the Trust Deed.

- 29.1** None of the Trustee or the Manager shall incur any 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 document of title, or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.
- 29.2** None of the Trustee or the Manager shall be responsible for the authenticity of any signature on or any seal affixed to any endorsement on any certificate or to any transfer or form of application, request for realisation, endorsement or other document affecting the title to or transmission of Units (including signatures on such documents received by facsimile or electronic transmission) or be in any way liable for any forged or unauthorised signature on or seal affixed to such endorsement, transfer, form or other document or for acting on or giving effect to any such forged or unauthorised signature or seal or for exercising their discretion not to act on such instructions received by facsimile or electronic transmission, provided that the Trustee or the Manager reasonably believed that such signature or seal was authentic.
- 29.3** Notwithstanding the provisions of the Trust Deed, the Trustee and the Manager respectively may (but shall not be bound to) require that the signature of any Unitholder or joint Unitholder to any document required to be signed by him under or in connection with the Trust Deed or the Fund shall be verified by a banker or broker or other responsible person or otherwise authenticated to its or their reasonable satisfaction.
- 29.4** The Trustee and the Manager may accept as sufficient evidence of the value of any investment or the cost price or sale price thereof or of any market quotation a certificate by a person, firm or association qualified in the opinion of the Manager and Trustee to provide such a certificate.
- 29.5** The Trustee and the Manager may rely upon the established practice and rulings of any Market and any committees and officials thereof on which any dealing in any investment is from time to time effected in determining what shall constitute a good delivery and any similar matters and such practice and rulings shall be conclusive and binding upon all persons under the Trust Deed.
- 29.6** None of the Trustee or the Manager shall be responsible for acting upon any resolution purporting to have been passed at any meeting of Unitholders, in respect whereof minutes shall have been made and signed even though it may be subsequently found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not binding upon all the Unitholders.
- 29.7** None of the Trustee or the Manager shall incur any liability to the Unitholders or any of them 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 or regulatory authority (whether legally or otherwise) either they or any of them shall be directed or requested to do or perform or to forbear from doing or performing.

- 29.8** If the Manager or the Trustee is requested by any department of any government or administration to provide such department with any information regarding any one or more of the following, namely, the Fund, the Unitholders or any of them, the Fund's investments, the income of the Fund, or the provisions of the Trust Deed, and complies with such request, whether or not enforceable, none of the Trustee or the Manager shall incur any liability to the Unitholders or any of them or to any other person as a result of such compliance or in connection with such compliance.
- 29.9** If for any reason it becomes impossible or impracticable to carry out the provisions of the Trust Deed none of the Trustee or the Manager shall be under any liability thereof or thereby.
- 29.10** The Trust Deed includes indemnities given in favour of the Trustee and the Manager and any indemnity expressly given to the Trustee or to the Manager in the Trust Deed is in addition to and without prejudice to any indemnity allowed by law.
- 29.11** Nothing in any of the provisions of the Trust Deed shall in any case in which the Trustee or the Manager (as the case may be) have failed to show the degree of diligence and care required of them by the provisions of the Trust Deed, exempt them from or indemnify 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.
- 29.12** The Trustee shall not incur any liability in respect of or be responsible for losses incurred through the insolvency of any depository or clearing system, broker, financial institution, custodian, sub-custodian or other person with which the investments of the Fund are or may be deposited.
- 29.13** The Trustee shall not be under any liability on account of anything done or suffered by the Trustee in good faith in accordance with or in pursuance of any request, instruction or advice of the Manager under the Trust Deed. Whenever pursuant to any provision of the Trust Deed any certificate, notice, instruction or other communication is to be given by the Manager to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed on behalf of the Manager by any one person whose signature the Trustee is for the time being authorised by the Manager to accept.
- 29.14** The Trustee shall not be under any liability on account of anything done or suffered by the Trustee in good faith in accordance with or in pursuance of any application for or request for realisation of Units made by facsimile or telephone and allowed by the Manager including but not limited to any loss arising from the non-receipt of any application for or request for realisation of Units sent by facsimile notwithstanding the fact that a facsimile transmission report produced by the originator of such transmission discloses that the transmission was sent.

- 29.15** In the absence of fraud or negligence by the Manager or the Trustee respectively, they shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the provisions of the Trust Deed and in particular, but without prejudice to the generality of the foregoing, neither the Manager nor the Trustee shall, in ascertaining the value of any quoted Security, be under any liability by reason of the fact that a price reasonably believed to be the last traded price or midway between the latest available market dealing offered price and the latest available market dealing bid price for the time being may be found not to be such.
- 29.16** None of the Trustee or the Manager shall be under any liability except such liability as may be expressly imposed by the Trust Deed nor shall any of them (save as otherwise appearing in the Trust Deed) be liable for any act or omission of the other of them, nor shall either of them be liable for any lost profits, economic loss or indirect, special or consequential losses and damages suffered by the Fund or any Unitholder.
- 29.17** Subject as provided in the Trust Deed the Manager and the Trustee shall be entitled for the purpose of indemnity against any action, costs, claims, damages, expenses or demands (other than those arising out of any liability or obligation to the Unitholders imposed on the Manager or the Trustee pursuant to the laws of Singapore) to which it may be put as the Manager or the Trustee to have recourse to the assets of the Fund in respect of which such action, costs, claims, damages, expenses or demands have been made or arose out of or, where such action, costs, claims, damages, expenses or demands relate to the Fund as a whole or any part thereof or in relation to any transaction entered into by the Manager or the Trustee with any third parties or any action taken by the Manager or the Trustee, in connection with or for or on behalf of the Fund, provided that such transaction entered into or action taken by the Manager or the Trustee is in accordance with the terms of this Prospectus and the Trust Deed.
- 29.18** The Trustee shall not be responsible for verifying or checking any valuation of the Fund or any calculation of the prices at which Units are to be issued or realised except as specifically provided in the Trust Deed.
- 29.19** In no event shall the Trustee be bound to make any payment except out of the funds held by it for that purpose under the provisions of the Trust Deed.
- 29.20** For the avoidance of doubt, any reference to the Trustee herein shall be construed to mean the Trustee in its own capacity and, where appropriate, in its capacity as the Registrar of the Fund.
- 29.21** The Trustee shall be entitled, in the absence of manifest error, to rely upon the Register as conclusive evidence of the matters contained in the Register.
- 29.22** The Manager and the Trustee are not responsible for compiling the Index or verifying the accuracy of the Index information. The Manager and Trustee are also not responsible to ensure that each constituent of the Index or the Investments of the Fund are Shariah compliant. For the avoidance of doubt, the Manager and Trustee shall not be liable (whether in negligence or otherwise) to any person for any error in the Index (including but not limited to the inclusion of a non-Shariah compliant company as a constituent of the Index in error) and to the extent permitted by law, shall not be under any obligation to notify any person of any such error.

30. EXCHANGE CLEARANCE AND SETTLEMENT

For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 100 Units.

Units will be cleared and settled under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

It is expected that the Units will be credited into or debited from the Securities Accounts of the relevant investors for the Units within three Singapore Business Days after the transaction date on which the Units have been purchased or sold through the SGX-ST.

30.1 Clearance and Settlement under the Depository System

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts. Investors should note that as long as the Units are listed on the SGX-ST, Units may not be withdrawn from the depository register kept by CDP.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a transfer fee payable to CDP (investors should refer to the CDP's website at <http://cdp.com.sg> for the latest applicable transfer fee). All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

Dealings in the Units will be carried out in US dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Singapore Business Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP

depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

30.2 Clearing Fees

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.04 per cent. of the transaction value, subject to a maximum of S\$600 per transaction. The clearing fee, instrument of transfer, deposit fee and unit withdrawal fee may be subject to the prevailing GST (currently 7.0 per cent.).

31. TERMINATION

The Fund is of indeterminate duration and shall continue until terminated in the manner provided in the Trust Deed.

Under the Trust Deed, the Fund may be terminated by the Trustee if the Manager goes into liquidation or, if in the opinion of the Trustee, the Manager has ceased to carry on business or has, to the prejudice of the Unitholders of the Fund, failed to comply with any provision of the Trust Deed or, the Trustee is unable to find an acceptable person to replace the Manager who has been removed or, any law is passed which renders it illegal, impracticable or inadvisable in the opinion of the Trustee to continue the Fund or, if within a reasonable period of the Trustee notifying the Manager of its intention to retire, no new Trustee has been appointed or if the Authority directs the termination of the Fund.

The Manager may terminate the Fund if:

- (i) after 3 years from the date of the Trust Deed, the aggregate Net Asset Value of Units outstanding in the Fund is less than US\$40 million; or
- (ii) any law is passed which renders it illegal, impracticable or inadvisable in the opinion of the Manager to continue the Fund; or
- (iii) the Index is no longer available for benchmarking or the Index Licence Agreement is terminated and no suitable replacement index is available to the Fund; or
- (iv) if the Units are no longer listed on the SGX-ST or any other Recognised Stock Exchange; or
- (v) the Authority revokes or withdraws the authorisation of the Fund under the Securities and Futures Act;
- (vi) the Manager is unable to find an acceptable person to act as a Participating Dealer; or
- (vii) the Authority directs the termination of the Fund.

In addition, the Manager may, in its absolute discretion, by giving at least 3 months in writing to the Trustee, terminate the Fund.

Further, the Unitholders may at any time authorise termination of the Fund by extraordinary resolution passed at a duly convened Unitholders' meeting.

Any notification to Unitholders where the Fund is to be terminated shall be given upon not less than three months' notice prior to termination. Any such notice will also be published on the Manager's website.

In the event of termination, the Fund shall have no recourse against Daiwa Capital Markets Singapore Limited (formerly known as Daiwa Securities SMBC Singapore Ltd.) or any of its employee, for any losses or damages it may suffer as a result of the liquidation.

In the event of termination of the Fund, the Manager shall provide such information, documents and assistance as may be necessary or reasonably requested by the Trustee to enable the Trustee to fulfill its duties and obligations pursuant to the termination of the Fund and the Code.

Upon the Fund being terminated, subject to authorisations or directions (if any) given to it by the Unitholders by extraordinary resolution:-

The Manager shall arrange the sale of all investments then comprised in the Fund and such sale shall be carried out and completed in such manner and within such period after the termination of the Fund as the Manager shall consider advisable. The Trustee shall from time to time distribute to the Unitholders rateably in accordance with the number of Units held by them respectively all net cash proceeds derived from the realisation of the investments comprised in the Fund and available for the purposes of such distribution except that in the event that circumstances exist as a result of which, in the sole opinion of the Manager notified to the Trustee, it is not reasonably practicable to realise all the investments comprised in the Fund, the Trustee shall distribute to the Unitholders rateably in accordance with the number of Units held by them respectively the investments available in specie at a valuation determined by the Trustee (provided that no Unitholder will be required to accept the distribution to him of any assets in specie without his written consent), and subject to the following:

- (a) All payments in respect of such distributions shall be made in accordance with the relevant provisions of the Trust Deed. Every such distribution shall be made only upon delivery to the Trustee of such form of request for payment as the Trustee shall in its absolute discretion require.
- (b) The Trustee shall not be bound (except in the case of the final distribution) to distribute any of the monies for the time being comprised in the Fund the amount of which is insufficient to pay one US dollar in respect of each Unit.
- (c) The Trustee shall be entitled to retain out of any monies comprised in the Fund such sum as it shall determine to be full provision for all costs, charges, expenses, claims, demands, actions and proceedings incurred, made or instituted against or apprehended by the Trustee in connection with or arising out of the Fund or the termination thereof and shall, out of the monies so retained, be indemnified and saved harmless against any such costs, charges, expenses, claims, demands, actions and proceedings.

In the event that the Fund is terminated by the Trustee or the Manager in accordance with the terms of this Prospectus or the Trust Deed of the Fund, notice of such termination will be announced on the SGXNET at least seven days before the effective date of the termination of the Fund.

32. PERFORMANCE AND BENCHMARK OF THE FUND

The inception date of the Fund is 20 May 2008. The returns of the Fund as of 31 March 2010 are set out below.

| | Last One Year | Since Inception (average annual compounded return) |
|---|---------------|--|
| Past Performance of the Fund | 39.58% | -11.85% |
| Benchmark Index: FTSE SHARIAH JAPAN 100 INDEX | 39.26% | -11.75% |

Sources: Daiwa Asset Management (Singapore) Ltd

Notes:

The performance of the Fund is calculated in USD on an offer-to-bid basis as of 31 March 2010 inclusive of the fees and charges, if any (with net dividends or distributions reinvested, if any).

33. EXPENSE RATIO

The expense ratio of the Fund, based on figures in the Fund's latest audited accounts for the financial year ended 31 December 2009 is 0.94%⁴.

34. TURNOVER RATIO

The turnover ratio of the Fund for the financial year ended 31 December 2009 is 27.36%⁵.

Investors should note that the past performance of the Fund or its benchmark is not necessarily indicative of the future or likely performance of the Fund.

35. TAXATION

THE DISCUSSION BELOW IS A SUMMARY OF CERTAIN SINGAPORE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF UNITS. THE SUMMARY IS BASED ON THE EXISTING PROVISIONS OF THE RELEVANT TAX LAWS AND THE REGULATIONS THEREUNDER, AND PRACTICES IN EFFECT AS OF THE DATE HEREOF, ALL OF WHICH ARE SUBJECT TO CHANGE AND DIFFERING INTERPRETATIONS, EITHER ON A PROSPECTIVE OR RETROACTIVE BASIS. THE SUMMARY IS NOT INTENDED TO CONSTITUTE TAX ADVICE OR A COMPLETE ANALYSIS OF ALL THE TAX CONSIDERATIONS RELATING TO THE PARTICIPATION

⁴ 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;
- (b) foreign exchange gains and losses of the Fund, whether realised or unrealised;
- (c) front-end loads, back-end loads and other costs arising on the purchase or sale of a foreign unit trust or mutual fund;
- (d) tax deducted at source or arising on income received, including withholding tax;
- (e) dividends and other distributions paid to Holders; and
- (f) interest expense.

⁵ The turnover ratio is calculated based on the lesser of purchases or sales over the same period used for calculating the expense ratio expressed as a percentage of daily average net asset value.

IN THE FUND. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS, INCLUDING THE TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAX JURISDICTION, WHICH MAY BE APPLICABLE TO THEIR PARTICULAR SITUATIONS.

The Fund has been awarded the Designated Unit Trust (“DUT”) status by the Inland Revenue Authority of Singapore (“IRAS”) of the Income Tax Act, Chapter 134 (“SITA”) on or about 5 June 2008. The key aspects relating to the taxation of a DUT are summarised below.

I. Fund level

Income derived by the Fund is generally taxable through its Trustee. If the Fund in question is a DUT and the qualifying conditions relating to the DUT status as prescribed by the IRAS are met, certain income would not form part of the Fund’s taxable income. The items of income exempt at the Fund level include the following:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under Section 45 of the SITA);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from: —
 - (i) foreign exchange transactions;
 - (ii) transactions in futures contracts;
 - (iii) transactions in interest rate or currency forwards, swaps or option contracts; and
 - (iv) transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) distributions from foreign unit trusts derived from outside Singapore and received in Singapore;
- (f) fees and compensatory payments (other than fees and compensatory payments for which tax has been deducted under Section 45A of the SITA) from securities lending or repurchase arrangements with certain specified persons;
- (g) rents and any other income derived from any immovable property situated outside Singapore and received in Singapore;
- (h) discount derived from outside Singapore and received in Singapore;
- (i) discount from qualifying debt securities issued during the period from 17 February 2006 to 31 December 2013;
- (j) gains or profits from the disposal of debentures, stocks, shares, bonds or notes issued by supranational bodies;

- (k) prepayment fee, redemption premium and break cost from qualifying debt securities issued during the period from 15 February 2007 to 31 December 2013; and
- (l) such other income directly attributable to qualifying debt securities issued on or after a prescribed date, as may be prescribed by regulations.

No tax is withheld from distributions made by a DUT.

Dividends, interest income, gains from the disposal of investments and other income received by the Fund on its investments in some foreign countries may be liable to the imposition of withholding tax or other tax in the foreign country.

II. Unitholders level - Distributions

The tax treatment of distributions out of a DUT in the hands of Unitholders shall be subject to tax in their hands, except for the following:

- (a) Any distribution received by an individual (whether resident or not) is exempt from taxation, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession;
- (b) Any distribution received by a foreign investor (other than an individual) is exempt from taxation provided that the distribution is made out of income exempt at the Fund level.

Foreign investor:-

- (i) in relation to an individual, means an individual who is not resident in Singapore;
- (ii) in relation to a company, means a company which is not resident in Singapore and:-
 - (A) in the case of a company with not more than 50 shareholders, all of its issued shares is beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore; and
 - (B) in the case of a company with more than 50 shareholders, not less than 80% of the total number of its issued shares is beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore; and
- (iii) in relation to a trust fund, means a trust fund where at least 80% of the value of the fund is beneficially held, directly or indirectly, by foreign investors referred to above and, unless waived by the Minister or such person as he may appoint, where:-
 - (A) the trust fund is created outside Singapore; and
 - (B) the trustees of the trust fund are neither citizens of Singapore nor resident in Singapore.

III. Unitholders level – Disposal of units

Singapore currently does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of gains. In general, gains from the disposal of the Units may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore.

In addition, Unitholders of Units who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 Financial Instruments - Recognition and Measurement (“**FRS 39**”) for the purposes of Singapore income tax may be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of Units is made.

36. MISCELLANEOUS INFORMATION

36.1 Inspection of Documents

Copies of the following documents are available for inspection free of charge at the offices of the Manager during normal business hours:-

- the Trust Deed;
- the sample Participation Agreement;
- the Depository Services Agreement between the Manager, the Trustee and CDP; and
- the most recent annual report and accounts of the Fund and the most recent semi-annual report and unaudited semi-annual accounts of the Fund, where available.

36.2 Obtaining Prices of Units

The indicative issue and realisation prices of Units (or the latest indicative NAV of the Units) may be obtained by calling the Manager’s hotline at telephone number 62236712. *Investors please note however that the indicative NAV of the Units is merely indicative in nature and will be provided on a best efforts basis and may be different from the actual NAV of the Units. The Manager shall not be responsible for any errors or delay in providing the indicative NAV of the Units to any person due to any technical or third parties’ fault or such other factors beyond the control of the Manager.*

The closing NAV of the Fund and NAV per Unit will be displayed on the Manager's website by the next Business Day after the relevant Dealing Day. Trading prices of the Units may be obtained from the website of the SGX-ST at www.sgx.com.sg

Investors should note that the frequency of the publication of the prices is dependent on the publication policies of the publisher concerned. Save for publications of the Manager, the Manager does not accept any responsibility for any errors on the part of the publishers concerned in the prices published in the newspaper or for any non-publication or late publication of prices by such publisher and shall incur no liability in respect of any action taken or loss suffered by the investors in reliance upon such publication (as the case may be).

36.3 Real Time Index Information

In addition, the real time Index level is published on Bloomberg (Ticker: SJPN <INDEX>) and Reuters (Ticker: (.FTSJPN)) updated throughout each Calculation Day of the Index (as defined in paragraph 10.5 above).

36.4 Information on the Internet

The Manager will publish information with respect to the Fund on the Manager's website at www.daiwa-am.com.sg including:

- this Prospectus (as may be updated, replaced or supplemented from time to time);
- the latest available annual and semi-annual financial reports of the Fund;
- any public announcements made by the Fund, including information with regard to notices of the suspension of the calculation of the NAV, changes in fees and the suspension and resumption of trading; and
- the closing NAV and NAV per Unit and monthly fund performance information.

36.5 Anti-Money Laundering Regulations

As part of the Manager's and the Trustee's responsibility for the prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee or the Fund is subject, the Manager, the Registrar or the Trustee may require a detailed verification of an investor's identity and the source of payment of any subscriptions. Depending on the circumstances of each application, a detailed verification might not be required where:

- the investor makes the payment from an account held in the investor's name at a recognised financial institution; or
- the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

36.6 Queries and Complaints

All enquiries about the Fund should be directed to the Manager at:

Hotline No. : 6223 6712

Fax No. : 6223 8629

Email : etf@daiwa-am.com.sg

APPENDIX I - CONSTITUENT WEIGHTINGS OF THE INDEX

As at 31 March 2010*, the constituent stocks of the FTSE SHARIAH JAPAN 100 Index are:-

| No | Index Security | Market | Weighting |
|----|-----------------------|--------|-----------|
| 1 | Toyota Motor | JPN | 11.19% |
| 2 | Canon | JPN | 6.66% |
| 3 | Panasonic Corp | JPN | 4.04% |
| 4 | Mitsubishi Corp | JPN | 3.60% |
| 5 | NTT Docomo | JPN | 2.89% |
| 6 | Takeda Pharmaceutical | JPN | 2.81% |
| 7 | Mitsui & Co | JPN | 2.48% |
| 8 | NTT | JPN | 2.39% |
| 9 | Komatsu | JPN | 2.28% |
| 10 | Nippon Steel | JPN | 2.16% |
| 11 | Shin-Etsu Chemical | JPN | 2.02% |
| 12 | Kyocera Corp | JPN | 2.00% |
| 13 | JFE Holdings | JPN | 1.99% |
| 14 | KDDI Corp | JPN | 1.88% |
| 15 | Toshiba Corp | JPN | 1.77% |
| 16 | Kao | JPN | 1.48% |
| 17 | Fuji Film Holdings | JPN | 1.44% |
| 18 | Denso Corporation | JPN | 1.42% |
| 19 | Murata Manufacturing | JPN | 1.38% |
| 20 | Hitachi | JPN | 1.37% |
| 21 | Sharp Corp | JPN | 1.13% |
| 22 | Bridgestone Corp | JPN | 1.12% |
| 23 | Fujitsu | JPN | 1.10% |
| 24 | Daiichi Sankyo | JPN | 1.08% |
| 25 | Asahi Glass | JPN | 1.07% |
| 26 | Daikin Industries | JPN | 0.97% |
| 27 | Tokyo Electron | JPN | 0.97% |
| 28 | Suzuki Motor | JPN | 0.97% |
| 29 | Tokyo Gas | JPN | 0.96% |
| 30 | Sumitomo Metal Mng | JPN | 0.93% |
| 31 | Terumo Corp | JPN | 0.91% |
| 32 | NEC Corp | JPN | 0.85% |
| 33 | SMC Corp | JPN | 0.78% |
| 34 | Sumitomo Electric | JPN | 0.78% |
| 35 | Yamada Denki | JPN | 0.77% |
| 36 | Dai Nippon Printing | JPN | 0.77% |
| 37 | Shiseido | JPN | 0.72% |
| 38 | Nikon Corp | JPN | 0.71% |
| 39 | Mitsui Osk Lines | JPN | 0.70% |

| | | | |
|----|------------------------------|-----|-------|
| 40 | TDK Corp | JPN | 0.70% |
| 41 | Yahoo Japan | JPN | 0.69% |
| 42 | Nidec Corp | JPN | 0.67% |
| 43 | Sumitomo Chemical | JPN | 0.66% |
| 44 | Kubota | JPN | 0.63% |
| 45 | Mitsubishi Chemical Holdings | JPN | 0.62% |
| 46 | Asahi Kasei Corporation | JPN | 0.61% |
| 47 | Mitsubishi Motors | JPN | 0.60% |
| 48 | Omron Corp | JPN | 0.60% |
| 49 | Nippon Oil | JPN | 0.60% |
| 50 | INPEX CORPORATION | JPN | 0.56% |
| 51 | NGK Insulators | JPN | 0.56% |
| 52 | Kuraray | JPN | 0.56% |
| 53 | Daiwa House Industry | JPN | 0.55% |
| 54 | Sekisui House | JPN | 0.55% |
| 55 | Nitto Denko Corp | JPN | 0.55% |
| 56 | Kobe Steel | JPN | 0.54% |
| 57 | Shionogi | JPN | 0.54% |
| 58 | Sanyo Electric | JPN | 0.53% |
| 59 | Yamato Holdings | JPN | 0.53% |
| 60 | JS Group | JPN | 0.52% |
| 61 | Yakult Honsha | JPN | 0.51% |
| 62 | Toppan Printing | JPN | 0.51% |
| 63 | Aisin Seiki Co | JPN | 0.48% |
| 64 | Chugai Seiyaku | JPN | 0.45% |
| 65 | Taisho Pharmaceutical | JPN | 0.44% |
| 66 | Ono Pharmaceutical | JPN | 0.44% |
| 67 | JSR Corp | JPN | 0.43% |
| 68 | Ibiden | JPN | 0.42% |
| 69 | Nomura Research Institute | JPN | 0.42% |
| 70 | JTEKT Corp | JPN | 0.41% |
| 71 | Mazda Motor | JPN | 0.41% |
| 72 | NTT Data Corp. | JPN | 0.40% |
| 73 | Toyota Industries | JPN | 0.40% |
| 74 | Nippon Electric Glass | JPN | 0.38% |
| 75 | Makita Corp | JPN | 0.37% |
| 76 | BENESSE HOLDINGS | JPN | 0.37% |
| 77 | Isuzu Motors | JPN | 0.37% |
| 78 | Kawasaki Heavy Industries | JPN | 0.37% |
| 79 | Nippon Express | JPN | 0.37% |
| 80 | Uni-Charm | JPN | 0.36% |
| 81 | NSK | JPN | 0.35% |
| 82 | Japan Steel Works | JPN | 0.34% |
| 83 | Shimano | JPN | 0.34% |

| | | | |
|-----|-----------------------------------|-----|-------|
| 84 | Taiyo Nippon Sanso | JPN | 0.32% |
| 85 | Panasonic Electric Works Co Lt | JPN | 0.31% |
| 86 | Kurita Water Inds | JPN | 0.30% |
| 87 | Stanley Electric | JPN | 0.29% |
| 88 | Mitsubishi Tanabe Pharma | JPN | 0.26% |
| 89 | Hitachi Chemical | JPN | 0.24% |
| 90 | Sumco | JPN | 0.24% |
| 91 | Nitori Co | JPN | 0.23% |
| 92 | Yamaha Motor | JPN | 0.23% |
| 93 | Hitachi Construction Machinery | JPN | 0.22% |
| 94 | Aeon Mall Co Ltd | JPN | 0.21% |
| 95 | Daihatsu Motor | JPN | 0.18% |
| 96 | Hitachi Metals | JPN | 0.17% |
| 97 | Dainippon Sumitomo Pharmaceutical | JPN | 0.16% |
| 98 | Toyoda Gosei | JPN | 0.16% |
| 99 | Toyota Boshoku | JPN | 0.16% |
| 100 | Showa Shell Sekiyu | JPN | 0.08% |

Source: FTSE Group

* *The information presented in the Appendices I and II of this Prospectus are subject to change by the Index Provider. Investors should note that the information relating to the Index in the Appendices I and II were obtained from publicly available documents that have not been prepared or independently verified by the Manager or Trustee or any of their respective affiliates or advisers in connection with the offering and listing of Units and none of them makes any representation as to or takes any responsibility for the accuracy, timeliness or completeness of the information contained therein. Any liability for errors or omissions in any of the aforementioned Appendices, or for any action taken in reliance on the information contained therein is hereby expressly disclaimed. No warranty of any kind, implied, express or statutory, including but not limited to the warranties of non-infringement of third party rights, title, merchantability, satisfactory quality or fitness for a particular purpose, is given in conjunction with any of the aforementioned Appendices and any information contained therein.*

APPENDIX II - THE FTSE SHARIAH JAPAN 100 INDEX

Introduction

The FTSE Shariah Japan 100 Index is an index launched by FTSE in association with Yasaar Limited. The FTSE Shariah Japan 100 Index is designed to provide a Shariah compliant Index suitable for the creation of financial products, such as index funds, warrants, certificates and exchange traded funds.

Shariah is the Divine Islamic Law which governs the practical aspect of a Muslim's daily life. In commerce, it can determine business style and indicate a desire to comply with 'halal' (Islamic permitted) and ethical investing.

The FTSE Shariah Japan 100 Index represents the performance of the largest and most liquid Shariah compliant companies based on the FTSE Global Equity Index Series comprising of Large and Mid Cap Japanese companies.

The FTSE Shariah Japan 100 Index will weight its constituents by its adjusted market capitalisation, i.e. after the implementation of the investability weight.

The FTSE Shariah Japan 100 Index is calculated at the end of each day. The base currency for the Index is Japanese Yen.

The FTSE Shariah Japan 100 Index price index values are calculated in real time every 15 seconds in Japanese Yen.

Eligible Securities

The FTSE Shariah Japan 100 Index is based on the FTSE Japan Index. The FTSE Japan Index comprises the Japanese Large and Mid Cap stocks from the FTSE Global Equity Index Series.

Yasaar will ensure that all constituents and potential constituents are screened quarterly to determine their Shariah status.

Yasaar / FTSE stock screening criteria

Companies involved in the following activities will be considered to be non permitted business sectors:

- (a) Conventional Finance (non Islamic Banking, Finance and Insurance, etc.)
- (b) Alcohol
- (c) Pork related products and non-halal food production, packaging and processing or any other activity related to pork and non-halal food
- (d) Entertainment (Casinos, Gambling, Cinema, Music, Pornography and Hotels)
- (e) Tobacco
- (f) Weapons, arms and defense manufacturing

After companies have been screened by their business sector activity, the remaining companies are further examined on their finances to ensure that those companies are

Shariah compliant. Only those companies that pass the following financial ratios will be considered Shariah compliant:

(g) Companies whose ratios of debt and debt service in combination that are greater than 33 per cent are unacceptable and indicative of an inappropriate use of leverage relative to their assets.

(h) Companies whose cash and interest bearing items in combination that are less than 33 per cent relative to their assets are acceptable and to be in keeping with Islamic Shariah principles and commonly accepted philosophies.

(i) Companies whose accounts receivable and cash in combination that are less than 50 per cent relative to their assets are acceptable and to be in keeping with Islamic Shariah principles and commonly accepted philosophies.

(j) Companies whose non-compliant and total interest income are less than 5 per cent relative to their revenue are acceptable and to be in keeping with Islamic Shariah principles and commonly accepted philosophies.

The shares, investability weightings and treatment of secondary lines of stock of constituents are the same as in the FTSE Global Equity Index Series.

The FTSE Shariah Japan 100 Index will consist of the top 100 Shariah compliant securities when ranked by full market capitalisation at review. The underlying universe for the index will be the FTSE Japan Index.

Review of Constituents

Review Dates

The FTSE Shariah Japan 100 Index will be reviewed annually in September, in accordance with the Global Equity Index Series Ground Rules. The FTSE Shariah Japan 100 Index will be reviewed using data as at the last working day in August. Changes arising from the annual review will be implemented after the close of business on the third Friday in September.

The FTSE Shariah Japan 100 Index Shariah screening will be reassessed quarterly in March, June, September and December in line with the FTSE Global Equity Index Series reviews. The Shariah screening process uses data as at the last working day of February, May, August and November taking into account new companies entering the FTSE Global Equity Index Series at the periodic review.

A company will be inserted into the FTSE Shariah Japan 100 Index at the periodic review if it rises to 90th position or above when the eligible companies are ranked by full market capitalisation (before the application of any investability weightings).

A company in the FTSE Shariah Japan 100 Index will be deleted at the periodic review if it falls to 111th position or below when the eligible companies are ranked by full market capitalisation (before the application of any investability weightings).

A constant number of constituents will be maintained for the FTSE Shariah Japan 100 Index. Where a greater number of companies qualify to be inserted in the Index than those qualifying to be deleted, the lowest ranking constituents presently included in the index will be deleted to ensure that an equal number of companies are inserted and deleted at the periodic review. Likewise, where a greater number of companies qualify to be deleted than those qualifying to be inserted, the securities of the highest ranking companies which are presently not included in the Index will be inserted to match the number of companies being deleted at the periodic review.

Changes arising from the FTSE Shariah Japan 100 Index and FTSE Global Equity Index reviews will be implemented after the close of the index calculation on the third Friday in March, June, September and December respectively.

FTSE Shariah Japan 100 Index Reserve List

FTSE is responsible for publishing the ten highest ranking non-constituents of the FTSE Shariah Japan 100 Index. This Reserve List will be used in the event that one or more constituents are deleted from the FTSE Shariah Japan 100 Index during the period up to the next annual review of the Index. Companies on the Reserve List will be Shariah compliant and will also be constituents of the FTSE Japan Index.

On a quarterly basis the FTSE Shariah Japan 100 Index Reserve List is refreshed using data as at the last working day of February, May, August and November. At each quarter the ten highest ranking non-constituents will be selected when eligible companies are ranked by full market capitalisation.

Changes to Constituent Companies

Additions

If a Large and Mid cap constituent is added to the FTSE Japan Index, it will become eligible for inclusion in the FTSE Shariah Japan 100 Index subject to satisfying Yasaar / FTSE stock screening criteria at the next periodic review.

Removals

If a constituent ceases to be a Large and Mid Cap constituent of the FTSE Global Equity Index Series, it will be removed from the FTSE Shariah Japan 100 Index.

If a constituent of the FTSE Shariah Japan 100 Index ceases to meet the eligibility criteria (Yasaar / FTSE stock screening criteria), it will be removed from the index at the quarterly Shariah screening review.

Where a constituent is removed from the FTSE Shariah Japan 100 Index a vacancy will be created. The vacancy will be selected by the highest ranking company by full market capitalisation from the FTSE Shariah Japan 100 Index Reserve List as at the close of the index calculation five days prior to the deletion.

Mergers, Restructuring and Complex Takeovers

If an Index constituent is acquired by a non-constituent company, the original constituent will be removed and replaced by the highest ranking non-constituent by full market capitalisation selected as at the close of the index calculation five days prior to the deletion. Any eligible company resulting from the takeover will be eligible to become the replacement company if it is ranked higher than any company on the Reserve List.

Where two index constituents merge, or one index constituent is acquired by another constituent a vacancy will be created in the FTSE Shariah Japan 100 Index. The vacancy will be selected by the highest ranking company by full market capitalisation from the FTSE Shariah Japan 100 Index Reserve List as at the close of the index calculation five days prior to the deletion.

If an index constituent has a complex reorganisation or demerger, the newly spun-off company will remain eligible for inclusion in the FTSE Shariah Japan 100 Index subject to passing the criteria and its full market capitalisation is larger than the smallest Index constituent. Consequently the FTSE Shariah Japan 100 Index may have more than 100 companies. The Shariah status of the newly spun-off company will be reassessed at the next quarterly Shariah screening review.

Suspension of Dealing

The FTSE Shariah Japan 100 Index will treat suspension of dealing in line with the FTSE Global Equity Index Series.

Relisting of Suspended Constituents

The FTSE Shariah Japan 100 Index will treat the relisting of suspended constituents in line with the FTSE Global Equity Index Series.

Further Information on the FTSE Shariah Japan 100 Index

Further information on the FTSE Shariah Japan 100 Index is available from FTSE at www.ftse.com and www.ftse.com/japan.

APPENDIX III - SHARIAH INVESTMENT GUIDELINES

Investments will not be made in companies whose core activities involve any of the following:

- **Conventional Financial Institutions based on Interest (Riba) or Gharar**

This includes all interest-based conventional banks, finance houses, insurers, moneylenders, investment companies, leasing companies, stock brokerages, futures and options houses and other interest-related businesses. However, these do not include financial institutions which exclusively promote or provide Shariah based financial services. For financial institutions with Islamic banking windows or which provide a mixture of both systems, the 5% rule set out in the section headed "Other Non-halal Income Criteria" would apply.
- **Alcoholic Beverages**

This includes the production, packaging, bottling, marketing, selling and/or distribution of liquor and related products. Investments may not be made in production facilities (for example breweries).
- **Gaming/Gambling/Casino/Games of Chance**

This includes the provision of these services and betting or comparable activities as well as the production of the facilities and equipment.
- **Pork Production**

This includes the raising or selling of pork or pork-derived products and by-products, the packaging, marketing and distribution of such products as well as slaughterhouses and livestock farms that are involved in such processes.
- **Non-halal Food Products**

This includes the production, sale, packaging or distribution of non-halal food, for example by supermarkets or departmental stores with supermarkets. The 5% rule set out in the section headed "Non-halal Income Criteria" will apply.
- **Entertainment and Leisure Related to Pornography or Adult Content**

This includes film producers, broadcasters, publishers, cinemas, cable-TV companies, night-clubs and places of entertainment, record/music companies that are associated with pornographic, X-rated or adult content. This also includes distributors and marketers of such contents.
- **Prostitution, Unisex Massage Parlours, Escort and Related-Entertainment Services**
- **Activities Or Whose Image Are Deemed To Be Offensive Or Contrary To Islam**

In addition investments will not be made in companies whose major activities include (whether for example as manufacturers, distributors, wholesalers or retailers):

- Arms, Defence and Military Equipment
- Tobacco

Investments will not be made in companies whose:

- Debt to total assets ratio exceeds 33%
- Interest income exceeds 5% of gross revenues
- Receivables and cash represent more than 50% of total assets

Other Non-halal Income Criteria

Other Shariah non-compliant income, particularly, total-interest income of the company should not equal 5% or more of the company's gross total revenues.

Any other questionable income that the company has will be added to this figure and the sum of these figures together must not be 5.0% or more of total revenues. Interest income here is taken as total gross and interest expense should not be deducted or netted-off from this amount. It should represent non-operational interest income. Income categorised as "Others" which cannot be attributed to any activity will be taken as part of the Non-*halal* Income.

In addition, the company will not invest in the following financial instruments or use the following financial techniques:

- Fixed Income instruments such as bonds
- Interest-based instruments or interest bearing account

DAIWA FTSE SHARIAH JAPAN 100

Prospectus required pursuant to the Securities and Futures Act, Chapter 289 of Singapore

Board of Directors of Daiwa Asset Management (Singapore) Ltd.

Signed:

YOSHINORI OKADA

Director

Signed:

HIROSHI NORIISHI

(Signed by Yoshinori Okada as agent
for Hiroshi Noriishi)

Director

Signed:

OSAMU YAMASHITA

(Signed by Yoshinori Okada as agent
for Osamu Yamashita)

Director

Signed:

KOICHIRO SEKIGUCHI

(Signed by Yoshinori Okada as agent
for Koichiro Sekiguchi)

Director
