

12 January 2018

Dear Unitholder

**UNITED JAPAN GROWTH FUND
APPOINTMENT OF SUB-MANAGER, CHANGE IN INVESTMENT FOCUS AND APPROACH AND
OTHER CHANGES**

Thank you for investing in the United Japan Growth Fund (the "Fund").

We, UOB Asset Management Ltd (the "**Managers**"), the managers of the Fund, are writing to inform you of changes to the Fund which will take effect from 12 February 2018 (the "**Effective Date**").

A) Appointment of sub-manager

In a continuous effort to rationalise the Managers' resources, the Managers will appoint Fukoku Capital Management, Inc. ("**FCM**" or the "**Sub-Manager**") as the sub-manager of the Fund with effect from the Effective Date.

FCM, whose address is at Sawai Building 3rd Floor, 1-3-1 Uchisaiwaicho Chiyoda-Ku, Tokyo 100-0011, Japan, is one of the leading investment management firms in Japan. Established on 24 July 1986, FCM is domiciled in Japan and registered at Kanto Local Finance Bureau as the Financial Instruments Business Operator No. 458. It is registered with the Financial Services Agency in Japan as an investment advisory and discretionary investment management firm and is a member of the Japan Investment Advisers Association.

FCM has considerable experience in the Japanese market, with more than 19 years in the field of pension fund management and more than 16 years in investment trust fund management. FCM has managed funds using its own investment philosophy and with a consistent investment style since its establishment. As at 30 September 2017, FCM has assets under management (including investment advisory and discretionary investment management) of approximately US\$20 billion. FCM believes that competitive investment performance can be produced with an organised investment management policy together with experienced fund managers who take advantage of original and in-depth analysis by in-house strategists and analysts in generating investment ideas.

FCM's local presence in Japan will enable the Fund to capitalise on its in-depth knowledge and on-the-ground insight of companies in the Japanese equity market.

B) Change in investment focus and approach

As we will delegate the investment management of substantially all of the Fund's assets to the Sub-Manager, the investment focus and approach of the Fund will also be changed to the following with effect from the Effective Date:

- (a) The Sub-Manager believes that inefficiencies lie in the market and they can be grasped through fundamental analysis of individual stocks. Acting on this belief, the Sub-Manager evaluates



corporate values based on the fundamentals of individual companies, focusing on the differences in market evaluation.

- (b) The Sub-Manager believes that excess returns could come from the following sources:
- Stock selection: 70 - 80%
 - Sector allocation: 20 - 30%
- (i) Stock selection
The Sub-Manager constructs the portfolio by investing into stocks with higher expected rates of return within each sector based on the information gap between the fair price calculated by its analysts' bottom-up approach and the market price of the stocks.
- (ii) Industrial sector allocation
The Sub-Manager combines a top-down approach with a bottom-up approach and organizationally defines the allocation policy based on discussions within the investment team (which consists of its Head of Equity Department, strategist, fund managers and analysts). The Sub-Manager decides the sector allocation by considering factors such as the macro-economic environment, structural changes to industries and/or anticipation of stock price movements, together with the circumstances of the individual companies that constitute each sector.
- (c) A summary of the Fund's investment process is as follows:



(i) Investment research

The Sub-Manager selects approximately 400 stocks from the viewpoint of liquidity, creditworthiness, research availability, etc. mainly from stocks listed on the Tokyo Stock Exchange. The Sub-Manager's analysts focus on bottom-up research and calculate fair stock prices by calculating premiums based on comprehensive evaluation of earning forecasts, valuations and qualitative evaluations.

(ii) Creating a buy-list

Based on the fair stock prices calculated by the analysts, the expected rates of return (i.e. the deviation from the market price) are calculated on a daily basis. The expected rates of return in each sector are then ranked: the top 35% as Rating 3, middle 30% as Rating 2 and bottom 35% as Rating 1. The top 35% (Rating 3) from all sectors will constitute the buy-list and that consists of approximately 200 stocks.

(iii) Construction of model portfolio

A model portfolio is constructed organisationally as a result of collaborative work in the equity team which consists of the Head of Equity Department, strategist, analysts and fund managers.

(iv) Criteria for selecting stocks

"Stocks with high attractiveness" are selected from the buy-list after consultation between the analysts and fund managers. The expected rates of return and rankings within the relevant sector are important factors in determining the degree of attractiveness. However, the feasibility to achieve the expected rate of return and risks such as fluctuations of stock prices and variability of corporate earnings are also considered.

With respect to the weight of individual stocks, fund managers will consider liquidity and the entire risk of the portfolio, and generally allocate higher active weights to highly attractive stocks.

(v) Construction (customisation) of an executable portfolio

Based on the model portfolio, the buy-list and the investment policy, the Sub-Manager will construct (customise) an executable portfolio according to the assets of the Fund.

For clarity, please note that there will be no change to the investment objective of the Fund.

C) Amendment of definition of “Business Day”

With effect from the Effective Date, the definition of "Business Day" for the Fund as set out in the prospectus of the Fund will be amended the following manner:

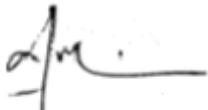
"A day (other than a Saturday, Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore and Japan or any other day as the Managers and the Trustee may agree in writing."

The above changes (together with consequential and other amendments) will be reflected in the updated prospectus of the Fund that is to be registered by the Monetary Authority of Singapore on or around the date of this notice. Thereafter, you may obtain a copy of it from us, any of our authorised agents or distributors, or from our website at uobam.com.sg.

This notice is for your information only and no action is required to be taken by you. The above change has no effect on your current holding of units in the Fund.

We look forward to your continued support. Should you have any queries, please call our hotline number at 1800 222 2228 from 8 a.m. to 8 p.m. daily (Singapore time) or email us at uobam@uobgroup.com.

Yours sincerely



Faizal Gaffoor
Chief Marketing Officer