

Notice No. : MAS 307
Issue Date : 23 September 2011

This Notice replaces MAS 307 dated 2 September 2004.

INVESTMENT-LINKED LIFE INSURANCE POLICIES

Introduction

1. This Notice is issued pursuant to section 64(2) of the Insurance Act (Cap. 142) (“the Act”). It comprises both mandatory requirements (Part I) and non-mandatory standards (Part II) in relation to disclosure, investment guidelines, borrowing limits and operational practices for investment-linked life insurance policies (“ILPs”).
2. This Notice shall be read in conjunction with the provisions of the Act. It is not intended to override any provision of the Act.
3. This Notice applies to any direct insurer registered to carry on life business.

Definition

4. In this Notice -
 - (a) “collective investment scheme” has the same meaning as in section 2 of the Securities and Futures Act (Cap. 289);
 - (b) “discretionary fund” refers to any fund managed in-house by the manager, where the manager has substantial input in the investment management process or authority to make investment decisions;
 - (c) “financial derivative” refers to a financial instrument as defined in section 2 of Securities and Futures Act (Chapter 289) which derives its value from, or whose value depends on, the characteristics of one or more underlying assets, reference rates or indices;
 - (d) “hedging” refers to the use of combinations of trades on transferable securities, money market instruments, units in other sub-funds, collective investment schemes or financial derivatives which are concluded with the sole purpose of offsetting risks linked to positions taken through other transferable securities, money market instruments, units in other sub-funds, collective investment schemes or financial derivatives;
 - (e) “investment-linked policy sub-fund” (“ILP sub-fund”) refers to each separate sub-fund within an ILP to which a policyholder can choose to allocate his or her premiums under the ILP;
 - (f) “manager” means -

- (i) an insurer, if the insurer fully or partly manages the ILP sub-fund itself; or
 - (ii) a fund manager, other than the insurer, if the fund manager fully manages the ILP sub-fund or the underlying collective investment scheme(s) in which the ILP sub-fund is fully invested in;
- (g) “net asset value” or “NAV” means total assets less total liabilities (excluding policyholders’ interest if this is classified as a liability);
- (h) “organised market” refers to an exchange, over-the-counter market or government securities market:
- (i) that is of good repute;
 - (ii) that is open to the public or a substantial number of market participants; and
 - (iii) on which financial instruments are regularly traded.
- (i) “policyholder”, in relation to an ILP or ILP sub-fund, means a policy owner of the ILP;
- (j) “quoted” means being listed for quotation, quoted or traded on an organised market;
- (k) “Relevant Audit Report” means the Annual Audited Report where an audit by way of the first method [as described in paragraph 15(a)] is carried out or the Annual Report with an audit report where an audit by way of the second method [as provided in paragraph 15(b)] is carried out;
- (l) “soft dollars” refers to arrangements under which products or services, other than the execution of securities transactions, are obtained from or through a broker in exchange for the direction by the manager of transactions to the broker. Soft dollars include research and advisory services, economic and political analyses, portfolio analyses, market analyses, data and quotation services, and computer hardware and software used for or in support of the investment process of managers;
- (m) “structured products” means any product tailor-made for an ILP sub-fund such that the issuer(s) of the securities or instruments, or both, or an entity other than the issuer(s), stands ready to unwind the products at prevailing market prices so as to enable the ILP sub-fund to meet redemptions on each dealing day;
- (n) “Code on Collective Investment Schemes” (“the Code”) means the code issued by the Authority under section 321 of the Securities and Futures Act (Cap. 289);

- (o) the words “property ILP sub-fund”, “money market ILP sub-fund”, “hedge ILP sub-fund”, “capital guaranteed ILP sub-fund”, and “index ILP sub-fund” shall have the same meaning as “property fund”, “money market fund”, “hedge fund”, “capital guaranteed fund” and “index fund” respectively, in the relevant appendices of the Code, with the necessary modifications as provided in paragraph 5.
5. When applying the Code for the purpose of this Notice:
- (a) a reference to “collective investment scheme”, “scheme” or “fund” in the Code should be read as a reference to an ILP sub-fund; and
 - (b) a reference to “trustee” in the Code should be read as a reference to the insurer.
6. The expressions used in this Notice shall, except where expressly defined in this Notice or where the context otherwise requires, have the same respective meanings as in the Act.

Part I – Mandatory Requirements

Notification to the Authority

7. An insurer shall notify the Authority of:
- (a) the insurer’s intention to launch any ILP sub-fund at least 21 days before the ILP sub-fund is established; and
 - (b) any significant change to any ILP sub-fund no later than 1 month before the change is to take effect such as the following:
 - (i) a change in the investment objective or focus of the ILP sub-fund or in the investment approach of the manager as stated in the product summary or policy, where “investment approach” refers to how the manager selects securities for the portfolio of the ILP sub-fund;
 - (ii) an increase in the remuneration payable to the insurer or manager (even where the remuneration is not increased beyond the maximum amount provided for in the product summary or policy) or a change in the basis upon which such remuneration is determined;
 - (iii) an increase in any other fees or charges payable out of the ILP sub-fund that are 0.1% or more of the NAV of the ILP sub-fund;
 - (iv) a new form of remuneration or expense payable out of the ILP sub-fund;
 - (v) the replacement, removal or appointment of a new manager, sub-manager, or investment adviser to the ILP sub-fund;

- (vi) a variation in the rights or obligations of a policyholder as set out in the product summary or policy where the variation is materially prejudicial to policyholders;
 - (vii) a change from direct investment to feeder fund structure or vice versa;
 - (viii) a change referred to in sub-paragraphs (i) to (vii) in relation to an underlying fund into which the ILP sub-fund feeds significantly (i.e. 30% or more of the NAV of the ILP sub-fund);
 - (ix) the closure of the ILP sub-fund except when it is a termination due to the maturity of the ILP sub-fund; and
 - (x) a change in the collateral policy from that disclosed in the product summary.
8. Notwithstanding paragraph 7(b), where an insurer is unable to determine whether a significant change would occur at least one month before the change is to take effect, the insurer shall inform the Authority and existing policyholders in writing of the significant change as soon as practicable. Examples of such changes include the following:
- (a) suspension and resumption of dealings as a result of exceptional circumstances;
 - (b) any change which may materially affect the risks and returns of an ILP sub-fund¹;
 - (c) any change which may materially affect the ability of any key counterparty² to an over-the-counter (“OTC”) financial derivative, securities lending or repurchase transactions to fulfil its obligations to the ILP sub-fund; or
 - (d) the cessation of market making activity by designated market makers.
9. For the purposes of paragraph 7(a), an insurer shall submit a copy of each of the following to the Authority:
- (a) a product summary containing the information specified in Appendix A and the annexes to Appendix A;
 - (b) the policy containing the information specified in Appendix B;

¹ Changes that may materially affect the risks and returns of an ILP sub-fund include significant unexpected changes in general market conditions, the industry, sector or country or specific aspects of the financial instruments which the ILP sub-fund invests in.

² For example, the counterparty to an OTC financial derivative used by an index fund to replicate an index would be considered a key counterparty.

- (c) a benefit illustration of the ILP;
 - (d) information required under Appendix G; and
 - (e) a product highlights sheet (“PHS”) containing the information specified in Appendix H.
10. For the purpose of paragraph 7(b), where there is any significant change to any ILP sub-fund that will result in a change to any of the documents listed in paragraph 9, the insurer shall submit a copy of that document, where the change has been made, to the Authority for notification purpose.
11. The Authority may issue directions to the insurer to withdraw any ILP sub-fund which does not meet the regulatory standards required under this Notice.

Valuation of units in the ILP sub-fund

12. The units of an ILP sub-fund shall be issued, redeemed or repurchased at a price arrived at by dividing the NAV of the ILP sub-fund by the number of units outstanding. The price of units may be adjusted by adding or subtracting, as the case may be, fees and charges, in compliance with the fees and charges as disclosed in the product summary of the ILP.
13. Paragraph 12 does not apply during the initial offer period of the ILP sub-fund.
14. At the maturity of a capital guaranteed ILP sub-fund, the units shall be redeemed at a price equal to the guaranteed amount or the NAV of the ILP sub-fund divided by the number of units outstanding, whichever is higher.

Audit of ILP sub-funds

15. The insurer shall appoint an external auditor to carry out an audit annually by one of the following methods:
- (a) audit on the financial statements of each ILP sub-fund (“audit by way of the first method”); or
 - (b) audit on the internal control and processes of the ILP sub-funds (“audit by way of the second method”).
16. The insurer shall notify the Authority in writing before the first change from carrying out an audit by way of the first method to an audit by way of the second method.
17. Upon the change to the audit by way of the second method, no insurer shall, without the approval of the Authority, make any change to the audit method. The Authority may grant approval for any change to the audit method subject to such conditions as the Authority may think fit to impose on the insurer and the insurer shall comply with the conditions imposed.

18. Where the audit is carried out by way of the second method, the insurer shall ensure that the inaugural audit is completed not later than 3 months after the ILP sub-fund's year end.
19. Subject to paragraph 20, upon completion of the inaugural audit, the insurer shall ensure that every subsequent audit by way of the second method is completed not later than the next financial year end of the insurer.
20. Where the immediate financial year end of the insurer after the completion of the inaugural audit is not more than 12 months from the date of the ILP sub-fund's year end for which the inaugural audit was based on, the insurer shall ensure that the audit by way of the second method is carried out by the following financial year end of the insurer.
21. The period under review of an audit by way of the second method shall be for a period of not less than 12 months.
22. Where an audit by way of the second method is carried out, the insurer shall ensure that an audit report is prepared which includes the following objectives:
 - (a) outstanding unit holdings of the insurer's ILP sub-funds are properly maintained, with subscriptions (including top-ups), redemption (including partial redemption) and switching of units of the ILP sub-funds properly accounted in the correct period and allocated into the correct ILP sub-funds;
 - (b) units of the ILP sub-funds are properly priced;
 - (c) charges and expenses directly attributable to each ILP sub-fund are properly accounted in the correct period and allocated to the correct ILP sub-funds while common expenses are properly apportioned amongst the ILP sub-funds;
 - (d) existing assets and liabilities are properly accrued for each ILP sub-fund; and
 - (e) assets and liabilities of the ILP sub-funds are properly valued in accordance with consistent accounting policies applied to all ILP sub-funds by the insurer.

Audit certificate relating to ILP sub-funds which are terminated or matured

23. For every ILP sub-fund which is terminated or matured, the insurer shall appoint an external auditor to prepare an audit certificate certifying that it has not come to the auditor's notice, through the course of the audit, that:
 - (a) the insurer has failed to realise all the assets of the ILP sub-fund as at the date of termination or maturity;

- (b) the insurer has failed to distribute all resultant proceeds (net of outstanding liabilities) to policyholders in the same proportion as their holdings in the ILP sub-fund; and
- (c) the insurer has failed to comply with any of the requirements as set out in this Notice in relation to the ILP sub-fund from the date immediately after the period of the latest completed audit to the date of termination or maturity (final distribution to policyholders).

A list and description of liabilities which have not been settled but have been accrued to the ILP sub-fund and excluded from the final distribution shall be attached in the Appendix to the audit certificate.

- 24. The insurer shall ensure that the audit certificate is completed within 6 months after the termination or maturity of the ILP sub-fund.
- 25. The insurer shall send to the Authority a copy of the audit certificate on the ILP sub-funds which are terminated or matured within 30 days after the completion of the audit.
- 26. The insurer shall retain a copy of the audit certificate on the ILP sub-funds which are terminated or matured for a period of 5 years, from the date of termination or maturity of the ILP sub-fund.
- 27. The insurer shall make available the audit certificate to the policyholder, within 30 days of the policyholder's request, if such request is made within 5 years from the date of termination or maturity of the ILP sub-funds.

Disclosure

Guiding principles

- 28. An insurer issuing ILPs shall not provide any information about the ILP or ILP sub-fund that is false or misleading.
- 29. An insurer shall inform existing policyholders of any significant change to be made to the ILP or ILP sub-fund, not later than 1 month before the change is to take effect.
- 30. Any notification made by an insurer shall be made in clear and simple language that policyholders can easily understand. The insurer shall avoid using technical terms but where the use of such terms is unavoidable, the insurer shall provide the policyholders with clear explanations of the meanings of such terms.
- 31. An insurer shall not market any ILP or ILP sub-fund with any sales material, including any product summary, PHS and brochure, containing information which has not been updated within the 12 months prior to such marketing.

Product summary, Policy and Product highlights sheet

- 32. An insurer issuing an ILP shall ensure that –

- (a) information specified in Appendix A and the annexes to Appendix A is disclosed in the product summary;
 - (b) information specified in Appendix B is disclosed in the policy; and
 - (c) information specified in Appendix H is disclosed in the PHS.
33. An insurer shall prepare the PHS for every ILP sub-fund together with the product summary.

Statement and Reports to policyholders

34. The insurer shall prepare, or cause to be prepared for each ILP and ILP sub-fund –
- (a) a Statement to Policyholders containing the information required in Appendix C;
 - (b) in respect of ILP sub-funds other than property ILP sub-funds, the following containing the information required in Appendix D –
 - (i) a Semi-Annual Report; and
 - (ii) the Relevant Audit Report.
 - (c) in respect of property ILP sub-funds, the Relevant Audit Report containing the information required in Appendix E.

Statement to Policyholders

35. The insurer shall send, to all policyholders, the Statement to Policyholders within 30 days after each policy anniversary or a specified date by the insurer in each policy year. The insurer may send the Statement to Policyholders by electronic means.

Semi-Annual Report and Relevant Audit Report

36. The insurer shall send, to all policyholders, the Semi-Annual Report (in respect of ILP sub-funds other than property ILP sub-funds) and the Relevant Audit Report on each of the policyholders' ILP sub-funds within 2 months and 3 months respectively from the last date of the period to which the report relates.
37. Notwithstanding paragraph 36, the insurer may send to policyholders, within the time as provided in paragraph 36, the underlying fund reports prepared by the managers if the following conditions are met:
- (a) the ILP sub-fund feeds substantially into the underlying fund;
 - (b) the policyholders shall have each purchased an ILP to which the ILP sub-fund belongs with a minimum single premium of USD50,000 or an

- annualized regular premium of USD5,000, or the equivalent in other currencies;
- (c) the ILP sub-fund is not available for investment using CPF monies; and
 - (d) the insurer has obtained written consent from the policyholders.
38. Where the insurer sends to the policyholders the underlying fund reports prepared by the managers in paragraph 37, the insurer need not send to the policyholders—
- (a) the Semi-Annual Report;
 - (b) the Annual Audited Report (except the audited financial statements of the ILP sub-fund) where the audit by way of the first method is carried out; or
 - (c) the Annual Report (except the audit report) where the audit by way of the second method is carried out.
39. Notwithstanding paragraph 36, the insurer need not prepare and send to the policyholders the Semi-Annual Report or the Relevant Audit Report if –
- (a) the Semi-Annual Report or the Relevant Audit Report covers a period of less than 3 months from the launch of the ILP sub-funds;
 - (b) the Semi-Annual is the first Semi-Annual Report and this first Semi-Annual Report covers the period from the start of the initial launch period; or
 - (c) the termination or maturity date of the ILP sub-fund is within 1 month from the date the Semi-Annual Report or the Relevant Audit Report is due to be sent to the policyholders³.
40. The insurer may send or make available to policyholders the statements and reports referred to in paragraphs 35 to 39 by electronic means. Examples of electronic means include:
- (a) transmitting via email with softcopy attachments to the email address provided by the policyholder for correspondence purposes;
 - (b) making available via an electronic storage medium (e.g. CD-ROM); and
 - (c) posting on a website where the statements and reports would remain posted on that website for at least 12 months from the date of posting.

³ For example, the annual report for an ILP sub-fund for the financial year ended 31 December 20X1 (i.e. due to be sent to policyholders on 31 March 20X2) need not be prepared, audited and sent if the termination or maturity date of the ILP sub-fund is on or before 30 April 20X2.

For the purposes of paragraphs 40 (b) and (c), the insurer shall notify the policyholder by either a hardcopy letter or an email if the policyholder had previously provided an email address for correspondence purposes, that the statements and reports are available and how they may be accessed, for example where the insurer has provided the relevant Uniform Resource Locator ('URL').

41. The insurer shall give its policyholders an option to request for hardcopy statements and reports within one month from the notification of the availability of the statements and reports. The insurer shall make available, or cause to be made available, hardcopies of the statements and reports to any policyholder who requests for them within two weeks of the request. The insurer shall allow a policyholder to opt, at any time, for hardcopies for all future reports and statements at no cost to him.

Advertisements and Publications

42. An insurer issuing an ILP or an ILP sub-fund shall ensure that the advertisements and publications relating to the ILP or ILP sub-fund comply with the requirements specified in Appendix F.

Payments from the ILP sub-fund

43. The insurer shall not pay or cause or permit to be paid, out of the assets of the ILP sub-fund:
- (a) any marketing or promotion expenses such as, expenses for advertisements in the media, mailers, fact sheets;
 - (b) any fees from ILP sub-fund that have not been provided for in the product summary and policy contract; and
 - (c) any payment which is unfair to, or materially prejudices the interests of, any policyholder or prospective investor.

Cash rebates and soft dollars

44. The insurer shall ensure that the manager does not retain, for its own account, cash or commission rebates arising out of transactions for the ILP sub-fund executed in or outside Singapore.
45. The insurer shall ensure that the manager shall not receive—
- (a) soft dollars in the management of the ILP sub-fund unless the following requirements are met:
 - (i) the soft dollars received can reasonably be expected to assist in the manager's provision of investment advice or related services to the ILP sub-fund;
 - (ii) transactions are executed on the best available terms, taking into account the following execution factors: price, costs, speed,

likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of a trade or transaction as may be specified by the Authority;

- (iii) the manager does not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft dollars; and
 - (b) goods and services such as travel, accommodation and entertainment which fall within the definition of “soft dollars” but do not qualify for the exceptions in paragraph 45(a).
46. The insurer shall ensure that the manager maintains a record of all soft dollars received.

ILP sub-funds admitted under the CPF Investment Scheme

47. The insurer shall not charge any costs arising from CPF failed trades to the ILP sub-fund.

Naming of ILP sub-fund

48. An insurer shall name an ILP sub-fund clearly⁴. It shall not give potential investors a misleading view of the true nature and risks of the ILP sub-fund.

Part II – Non-Mandatory Standards

Compliance with non-mandatory standards

49. The standards set out in Part II of this Notice are not mandatory in that failure by an insurer to comply with any of the standards shall not of itself render the insurer to be in breach of this Notice. However, the Authority expects insurers to observe the standards set forth in Part II of this Notice.
50. A failure by any insurer to comply with the non-mandatory standards shall not of itself render the insurer liable to criminal proceedings but such failure may, in any proceedings whether civil or criminal, be relied upon by any party to the proceedings as tending to establish or to negate any liability which is in question in the proceedings. In addition, the Authority may take into account a failure to comply with these standards in considering whether to issue directions to the insurer to withdraw the ILP sub-fund.

Investment guidelines, borrowing limits and other requirements

51. The core investment guidelines and borrowing limits which the ILP sub-fund should adhere to are set out in the appendices to the Code. An insurer should ensure that an ILP sub-fund complies with the investment and borrowing guidelines unless otherwise stated in the relevant appendices of the Code, as if

⁴ Please refer to paragraph 93 of Part II Non-Mandatory Standards for guidance on the naming of ILP sub-funds.

the ILP sub-fund were a “fund”, “scheme” or “collective investment scheme” and product summary were a “prospectus”. In particular, an insurer should ensure the requirements of the Code apply to -

- (a) a money market ILP sub-fund as if it were a money market fund;
- (b) a hedge ILP sub-fund as if it were a hedge fund;
- (c) a capital guaranteed ILP sub-fund as if it were a capital guaranteed fund;
- (d) an index ILP sub-fund as if it were an index fund; and
- (e) a property ILP sub-fund as if it were a property fund.

52. Where the ILP sub-fund contains a novel or new structure or new risk, the manager should consult the Authority prior to the notification referred to in paragraph 7 of this Notice.

Payment of redemption proceeds

53. An insurer should treat a redemption request as received on day T if it is received with all requisite documents and information by the close of dealing as specified in the product summary. An insurer should pay out, or cause to be paid out, redemption proceeds to policyholders:

- (a) in respect of bond and money market ILP sub-funds, within T+4 business days;
- (b) in respect of property ILP sub-funds, within the period allowed under the guidelines in Appendix 6 on Property Funds as contained in the Code;
- (c) in respect of hedge ILP sub-funds, according to what is stated in the product summary as required under Annex Ab of this Notice;
- (d) in respect of ILP sub-funds which invest all or significantly all of the assets in another collective investment scheme, within T+7 business days; and
- (e) in respect of other types of ILP sub-funds not listed above, within T+6 business days.

54. For the purposes of paragraph 53 -

- (a) “bond ILP sub-fund” means an ILP sub-fund which objective is to invest primarily in debt securities and that does not invest in equity securities;
- (b) day T is the date of the next pricing of the ILP sub-fund immediately following the receipt of a redemption request by an insurer with all requisite documents and information; and

- (c) redemption proceeds are considered paid on the day the account of the policyholder is credited or a cheque is mailed to the policyholder.

Transactions with related corporations

55. The manager should not invest funds belonging to the ILP sub-fund under its management in the insurer or manager's own securities or those of any related corporation of such insurer or manager, unless the securities are constituents of the ILP sub-fund's reference benchmark that is constructed by an independent party and the funds comply with paragraph 2.3 of Appendix 1 in the Code.

Guidance

For the avoidance of doubt, this prohibition does not extend to ILP sub-funds managed by the manager or its related corporations.

56. The manager should not lend monies of the ILP sub-fund under its management to related corporations of such manager or the insurer, as applicable.

Guidance

For the avoidance of doubt, a deposit made with a bank licensed under the Banking Act (Cap.19), a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186), or a finance company licensed under the Finance Companies Act (Cap. 108) to carry on finance business or any other deposit-taking institution licensed under an equivalent law in a foreign jurisdiction, in the ordinary course of business of the ILP sub-fund, is not construed as monies lent to such institutions.

57. The manager should not purchase, for or on behalf of any ILP sub-fund under its management, real estate assets owned by the insurer or manager, as applicable, or their respective related corporations, unless such purchases are allowed under the Appendix 6 on Property Funds contained in the Code.

Transactions at arm's length

58. The insurer and manager should conduct all transactions with or for an ILP sub-fund at arm's length.

Transactions consistent with ILP sub-fund's objective and approach

59. The manager should acquire permissible investments as defined in Appendix 1 of the Code and enter into transactions which are consistent with the investment objective and approach of the ILP sub-fund.

Best execution

60. The manager should take all reasonable steps to obtain the best possible result for the ILP sub-fund, taking into account the following execution factors: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of a trade or transaction.

Use of financial derivatives

61. For an ILP sub-fund which uses financial derivatives, the manager should ensure that the risks related to such financial instruments are duly measured, monitored and managed on an ongoing basis. The insurer or manager should not act as the counterparty of an OTC financial derivative that is invested into by the ILP sub-fund.

Use of credit ratings

62. The manager should not rely solely or mechanistically on ratings issued by credit rating agencies. The manager should, where possible, make its own credit assessments to verify ratings issued by credit rating agencies. In the event of a difference between the ratings issued by credit rating agencies, or between such external ratings and the manager's internal credit assessment, the lowest rating should be used. For the avoidance of doubt, all ratings used should be based on a rating scale that is globally comparable.

Significant influence

63. The insurer and manager should not, through the ILP sub-fund, carry out its investment activities in manner which would enable it to exercise significant influence over the management of an issuer of permissible investments.

Exercise of voting rights

64. In the case where the insurer exercises the votes or has appointed another party to exercise the votes on its behalf in relation to investments of an ILP sub-fund, the insurer or manager should:
- (a) maintain a record of how the votes should be exercised; and
 - (b) ensure that there is no conflict of interest in the exercise of the votes.

Dealing in Units

65. The insurer should deal in units in an ILP sub-fund in accordance with the product summary, and it should be at least one dealing day a month.

Suspension of Dealings

66. The insurer may suspend dealing in units in an ILP sub-fund only in exceptional circumstances, after having determined that a suspension is in the best interest of policyholders.

Guidance

Difficulties in realising ILP sub-fund assets or temporary shortfalls in liquidity may not, on their own, be sufficient justification for suspension.

67. The insurer should immediately notify the Authority if the dealing in units is suspended, stating the reasons for the suspension.

68. The suspension should cease as soon as practicable when the exceptional circumstances cease to exist, and in any event, within 21 days of the commencement of the suspension. The period of suspension may be extended if the insurer is satisfied that it is in the best interest of policyholders for the dealing in units to remain suspended. Such extension should be subject to weekly review by the insurer.

Resumption of Dealings

69. The insurer should notify the Authority when dealing in units is resumed.

Valuation of assets of an ILP sub-fund

70. The value of the assets of an ILP sub-fund, in the case of quoted investments, should be based on:
- (a) the official closing price or the last known transacted price on the organised market on which the investment is quoted; or
 - (b) the transacted price on the organised market on which the investment is quoted at a cut-off time specified in the product summary and applied consistently by the manager;

unless such price is not representative or not available to participants of the organized over-the-counter market. The manager of an ILP sub-fund should be responsible for determining, with due care and in good faith, whether the price should be considered representative.

71. The value of the ILP sub-fund's assets, in the case of unquoted investments and quoted investments where the transacted prices are not representative or not available to the market, should be based on the fair value. The fair value should be the price that the sub-fund would reasonably expect to receive upon the current sale of the investment. Fair value should be determined with due care and in good faith, and the basis for determining the fair value of the investment should be documented.
72. Except for quoted investments, all the investments of an ILP sub-fund should be valued by a person approved by the insurer as qualified to value such assets.
73. When the market value or fair value, as the case may be, of a material portion of the ILP sub-fund's assets cannot be determined, the insurer or manager should suspend valuation and dealing in the units in the ILP sub-fund.

Calculation of NAV using basis other than market quotations

74. The NAV of an ILP sub-funds may be determined using methods other than those specified in paragraphs 70 to 73 above, provided that the insurer agrees with the alternative method. Such a valuation may be performed by a person approved by the insurer as qualified to value the ILP sub-fund's investments.

Frequency of valuation

75. The insurer should ensure that the units of an ILP sub-fund are valued every business day.

Where the ILP sub-fund:

- (a) does not offer dealing every business day, it should be valued every regular dealing day, but in any event, at least once a month;
- (b) is a property ILP sub-fund which complies with Appendix 6 (Property Funds) of the Code, it should have a full valuation at least once yearly.

76. The insurer should, subject to paragraph 75 of this Notice, ensure that the value of a unit of the ILP sub-fund is published at least once every dealing day.

Rounding differences

77. When calculating the price at which the units in an ILP sub-fund may be issued, redeemed or repurchased, it may be necessary to round up or down the resultant figure in order to obtain a finite dollar value. (Please see illustration 1.) When calculating the number of units to be issued to a policyholder, it may also be necessary to round up or down the resultant figure in order to obtain a finite number of units. Rounding differences arising from calculating the price of units in an ILP sub-fund or arising from calculating the number of units to be issued should be credited to the ILP sub-fund.

<u>Example: Crediting of Rounding Differences</u>		
Price per unit	=	NAV / Number of units outstanding
	=	\$122.4 million / 100 million
	=	\$1.224
Assuming a policyholder with 10,000 units redeems all his units at \$1.22 per unit, the ILP sub-fund should then be credited with a rounding difference of:		
$$(1.224 - 1.22) \times 10,000$	=	$\$0.004 \times 10,000$
	=	\$40.

Illustration 1: Crediting of Rounding Differences

Valuation errors and compensation

78. When the insurer or manager becomes aware of an error in the calculation of an ILP sub-fund’s NAV per unit, the insurer or manager should notify the Authority of the error, using the template set out in Illustration 2, as soon as practicable. A revised valuation should be performed by the person responsible for the valuation, for each valuation date during the period of the error to ascertain the size of the error.

79. When a valuation error represents 0.5% or more of the ILP sub-fund’s NAV per unit after adjustment for the error, the insurer or manager should:

- (a) compensate affected policyholders and notify them of the compensation made; and
- (b) compensate the ILP sub-fund for any losses incurred as a result of the valuation error.

The requirement to compensate policyholders does not apply if the amount of compensation due to any single policyholder does not exceed \$20. For avoidance of doubt, the requirement to compensate the ILP sub-fund for any losses incurred would apply in all circumstances where the valuation error represents 0.5% or more of the ILP sub-fund's NAV per unit.

- 80. When a valuation error represents less than 0.5% of the ILP sub-fund's NAV per unit, there is no requirement for the insurer or manager to compensate policyholders or the ILP sub-fund for any losses incurred by them as a result of the valuation error. However, if the insurer or manager chooses to compensate one or more policyholders, then the insurer or manager should compensate all other policyholders in the ILP sub-fund on the same basis.
- 81. The insurer or manager should not pay or cause to be paid from the ILP sub-fund any expenses incurred as a result of effecting compensation for a valuation error.
- 82. The insurer should notify the Authority when such compensation has been completed in compliance with paragraphs 79 to 81.

VALUATION ERROR REPORT TEMPLATE

The valuation error report should be made using the insurer's company letterhead and sent via electronic means. The report should contain the following information:

1. State the name of the ILP sub-fund and class(es) of units affected by valuation error.
2. Describe the nature of the error (e.g. overvalued or undervalued) and state the magnitude of error as a percentage of the ILP sub-fund's Net Asset Value (NAV).
3. Attach a calculation of the valuation error.
4. State when and how the valuation error was discovered.
5. Provide detailed reasons for the valuation error.
6. Name the entities responsible for the valuation error.
7. State the time period over which the valuation error occurred.

If compensation (i.e. valuation error represents 0.5% or more of the ILP sub-funds NAV per unit) is required:

8. State the number of affected Singapore policyholders (as recorded in the sub-fund register) who (a) subscribed; and (b) redeemed, during the time period over which the valuation occurred, if any.
9. State the amount of compensation to be paid to (a) policyholders; and (b) the ILP sub-fund, if any.
10. State the name of the entity that pays for the compensation.
11. Attach a calculation of the total compensation to be made.
12. Describe the measures taken, or to be taken, to improve internal controls and prevent the occurrence of similar incidents.

Illustration 2: Valuation Error Report Template

Delegation

83. An ILP sub-fund may be managed in part or in whole by a fund manager(s) other than the insurer (such management referred to herein as "sub-managed" and such ILP sub-fund referred to herein as "a sub-managed ILP sub-fund"). Where an ILP sub-fund is sub-managed, the insurer should ensure that ILP sub-fund is invested in accordance with this Notice and there are:
 - (a) adequate procedures in place to monitor the conduct of its delegate and to ensure that the function delegated or outsourced is performed in a proper and efficient manner; and
 - (b) controls in place to ensure compliance with this Notice.

84. Where more than 10% of the assets of the ILP sub-fund is sub-managed abroad, the insurer should, together with its related corporations, be already managing at least S\$500 million of discretionary funds, including insurance funds, in Singapore.
85. Where more than 10% of the assets of the ILP sub-fund is sub-managed abroad by another manager, the Authority will consider whether the sub-manager is reputable and supervised by an acceptable financial supervisory authority.

Investment of 100% of the assets of the ILP sub-fund in Collective Investment Scheme

86. An ILP sub-fund may also be invested in one or more collective investment schemes (such ILP sub-fund referred to herein as “feeder ILP sub-fund”). For a feeder ILP sub-fund where 100% of the assets of the ILP sub-fund will be invested in an authorised or registered collective investment scheme, the collective investment scheme invested in by the feeder ILP sub-fund should follow substantially the core investment guidelines and borrowing limits and other requirements for ILP sub-funds, as the case may be, as set out in the relevant appendix of the Code.

Investment of more than 10% of the assets in foreign Collective Investment Schemes

87. Where more than 10% of the ILP sub-fund’s assets are in collective investment schemes, which are constituted in a foreign jurisdiction, the insurer should, together with its related corporations, already be managing at least S\$500 million of discretionary funds, including insurance funds, in Singapore.

Performance Fees

88. (a) Performance fees payable by the ILP sub-fund should meet the following requirements:
- (i) the calculation of performance fees payable should be equitable to all policyholders;
 - (ii) the performance fee should be calculated and paid after consideration of all other payments;
 - (iii) the period over which the performance fee accrues and the frequency with which it crystallises should be appropriate. Crystallisation of performance fee should be no more frequent than once a year;

Calculation method

- (iv) the performance fee should be calculated based on:
 - (A) a fulcrum fee arrangement; or
 - (B) a high water mark arrangement.

- (v) where paragraph 88 (a)(iv)(A) applies, the fulcrum fee should increase or decrease proportionately with the investment performance of the ILP sub-fund as compared to the specified benchmark and be limited to between zero and 200% of the base fee.

Guidance

The fulcrum fee, as a percentage of the NAV per unit of the ILP sub-fund, should be applied in a symmetric manner. For example, where the base fee is 1.5%, the fulcrum fee should range from 0 to 3.0%.

- (vi) where paragraph 88(a)(iv)(B) applies, the high water mark should be reset to the NAV of the ILP sub-fund only when the NAV of the ILP sub-fund reaches a new historical high at the end of each performance period; and

Guidance

The high water mark should be reset to the ILP sub-fund's NAV whenever a historical high is reached at the point of performance fee calculation. Therefore, the high water mark of an ILP sub-fund with performance fee that is calculated yearly should be reset to the ILP sub-fund's NAV at the year end when the performance fee is calculated, regardless of whether a performance fee accrues or crystallizes.

- (vii) the performance fee should be calculated based on an appropriate benchmark such as an index, a defined positive rate of return which may be fixed or variable or any other factor given the ILP sub-fund's investment objectives and consistently applied.
- (b) The insurer should consult the Authority if it intends to use a performance fee calculation method other than those specified in paragraph 88 (a)(iv).

Disclosure requirements

- (c) Where performance fees are payable by the ILP sub-fund, the product summary should disclose:
 - (i) that a performance fee is payable and to whom it is payable;
 - (ii) if applicable, that a performance fee can be levied even if the return of the ILP sub-fund is negative;
 - (iii) the maximum amount or percentage of the ILP sub-fund's NAV that the performance fee might represent in an annual accounting period; and
 - (iv) whether the ILP sub-fund:

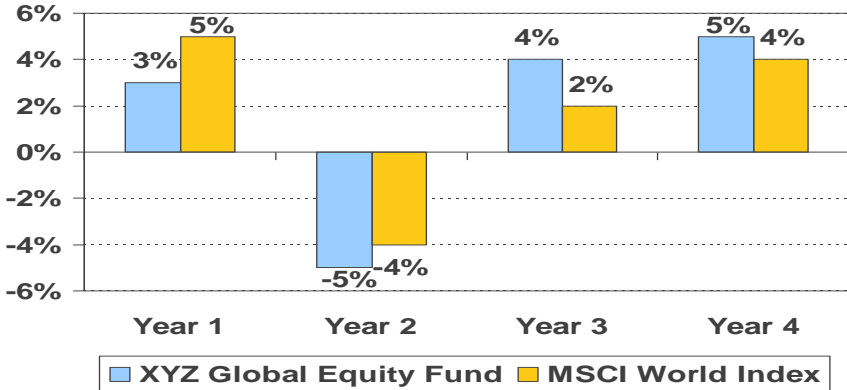
- (A) achieves equalisation of performance fees; or
- (B) where it does not achieve equalisation of performance fees, to state the fact and how the absence of equalisation may affect the amount of performance fees borne by the policyholder; and

provide illustrations, such as numerical examples, of how the performance fee is calculated.

Example: Fulcrum Fee Arrangement

The XYZ Global Equity Fund adopts the fulcrum fee arrangement for calculating its performance fees. The benchmark is the MSCI World Index return. The scheme charges a base fee of 2% and a performance fee of 10%.

Assume that the returns of the fund and benchmark over the next 4 years follow the chart below.



The calculations of both the management and performance fees are shown in the table below.

	Year 1	Year 2	Year 3	Year 4
Base Fee	2.0%	2.0%	2.0%	2.0%
Performance fee	$(3 - 5)\% \times 10\%$ = -0.2%	$[(-5) - (-4)]\% \times 10\%$ = -0.1%	$(4 - 2)\% \times 10\%$ = 0.2%	$(5 - 4)\% \times 10\%$ = 0.1%
Fulcrum fee	$2.0\% - 0.2\%$ = 1.8%	$2.0\% - 0.1\%$ = 1.9%	$2.0\% + 0.2\%$ = 2.2%	$2.0\% + 0.1\%$ = 2.1%

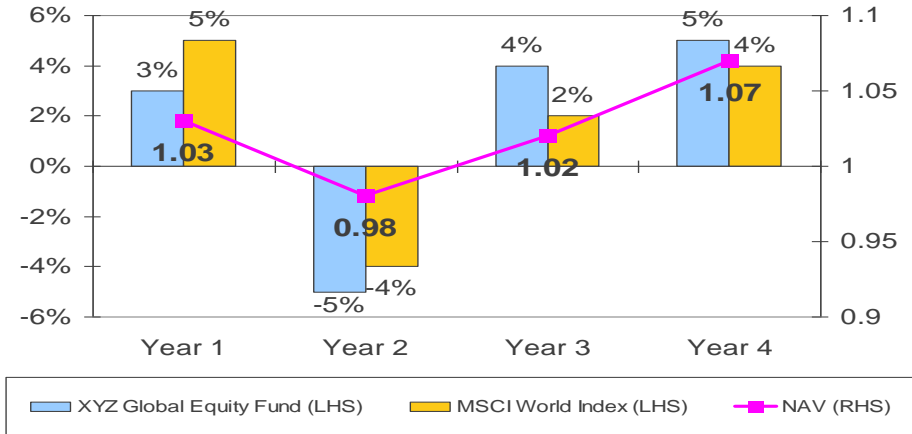
For simplicity, the above example assumes that the base fee and performance fees are calculated based on year end NAV per unit.

Illustration 3: Fulcrum Fee Arrangement

Example: High Water Mark Arrangement

The XYZ Global Equity Fund adopts the high water mark (“HWM”) arrangement for calculating its performance fees. The scheme’s benchmark is the MSCI World Index and its hurdle rate is the return of the MSCI World Index. The scheme charges a management fee of 2% and a performance fee of 10%.

Assume the returns of the fund and benchmark over the next 4 years follows the chart below.



The calculations of both the management and performance fees are shown in the table below.

	Year 1	Year 2	Year 3	Year 4
Above HWM?	HWM = 1.00, Yes	HWM = 1.03, No	HWM = 1.03, No	HWM = 1.03, Yes
Above Hurdle?	No	No	Yes	Yes
Performance Fee	None	None	None	$(1.07 - 1.03) \times 10\% = \0.004
Management Fee	$2.0\% \times 1.03 = \$0.0206$	$2.0\% \times 0.98 = \$0.0196$	$2.0\% \times 1.02 = \$0.0204$	$2.0\% \times 1.07 = \$0.0214$
Total Fee	\$0.0206	\$0.0196	\$0.0204	$\$0.004 + \$0.0214 = \$0.0254$

For simplicity, the above example assumes that the management fees and performance fees are calculated based on year end NAV per unit.

The high water mark for a scheme with performance fee is reset to the NAV of the scheme only when the NAV of the scheme reaches a new historical high at the year end when the performance fee is calculated, regardless of whether a performance fee accrues or crystallises. Only the NAV at the point of performance fee calculation is used for determining the high water mark.

Illustration 4: High Water Mark Arrangement

Prohibited Activities

- 89. An ILP sub-fund should not engage in:
 - (a) direct lending of monies;
 - (b) the granting of guarantees;

- (c) underwriting; or
- (d) short selling except where this arises from financial derivatives which are invested in accordance with sections 4 and 5 of Appendix 1 of the Code.

Rectification of breaches

90. The insurer or manager should take all necessary action to rectify any breach of this Notice as soon as practicable. The insurer or manager should not enter into any transaction that would increase the extent of the breach.

Notification of breaches

91. The insurer should inform the Authority, within 3 business days after the insurer becomes aware, of any breach of the requirements and standards set out in this Notice.
92. Notwithstanding paragraph 91, any breach as a result of any:
- (a) appreciation or depreciation in the value of the ILP sub-fund's underlying investments;
 - (b) redemption of units or payments from the ILP sub-fund;
 - (c) change in the capital of a company;

Guidance

Examples of changes in the capital include changes in the total outstanding shares of a company arising from the issuance of (pro-rata) rights or bonuses.

- (d) reduction in the weight of a constituent in the benchmark being tracked by an ILP sub-fund; or
- (e) downgrade in or cessation of a credit rating,

need not be reported to the Authority as long as such breach is rectified in accordance with paragraph 90, but in any case no later than three months from the date of the breach unless otherwise specified in the appendices in the Code. This period may be extended if the insurer is satisfied that it is in the best interest of the policyholders. Such extension should be subject to monthly review by the insurer.

Guidance on naming of ILP sub-funds

93. (a) The ILP sub-fund's name should:
- (i) be appropriate;

- (ii) not be undesirable; and
 - (iii) not be misleading.
- (b) In assessing whether a name is undesirable or misleading, the Authority will consider factors including whether the name:
- (i) is substantially similar to the name of another ILP sub-fund;
 - (ii) implies that the ILP sub-fund has merits which are not, or might not be, justified;
 - (iii) implies that the manager of the ILP sub-fund has particular qualities, which may not be justified;
 - (iv) is inconsistent with the ILP sub-fund's investment objective or approach;
 - (v) implies that the ILP sub-fund is not an ILP (for example, describing the ILP sub-fund as a "plan" or "account"); and
 - (vi) might mislead prospective policyholders into thinking that persons other than the manager are responsible for the ILP sub-fund.

For the avoidance of doubt, the use of acronyms in names is permissible provided that they are appropriate.

Guidance 1

The name of an ILP sub-fund is appropriate if it reflects the ILP sub-fund's geographical focus, asset type and sector focus and is in line with the ILP sub-fund's investment objective, approach and investment universe. The use of acronyms which reflect an index provider, a credit rating agency or geographical region (e.g. "MSCI", "S&P" or "BRIC") may be acceptable if it is consistent with the ILP sub-fund's investment objectives or approach.

Guidance 2

In assessing whether it is appropriate to include the term 'fund-of-funds' in the name of an ILP sub-fund, the Authority would consider it acceptable if the ILP sub-fund's primary investment approach is to invest all or substantially all of its assets into five or more underlying funds via the fund-of-funds investment approach.

Guidance 3

In the case where the ILP sub-fund's name includes or uses a term (e.g. "capital guaranteed") which belongs to any category of ILP sub-funds that is prescribed in the Appendices, the ILP sub-fund should comply with those relevant guidelines. Conversely, if an ILP sub-fund's name uses a term which is prescribed in the Appendices but does not comply with those guidelines, the name would be deemed inappropriate.

- (c) The name of an ILP sub-fund's class of unit should not be undesirable or misleading.
- (d) The use of the following terms, or any other derivative or form of such terms, in an ILP sub-fund's name and description is prohibited:
 - (i) "capital protected"; and
 - (ii) "principal protected".

Effective Date and Transitional Provisions

- 94 Subject to paragraph 95, 96 and 97, this Notice shall come into effect on 1 October 2011. MAS Notice 307 on "Investment-linked Life Insurance policies" dated 27 December 2010 shall be cancelled with effect from 30 September 2011.
- 95 An insurer who offers ILP sub-funds which are in existence immediately before 1 March 2011 shall submit the PHS and the product summary in respect of each ILP sub-fund to the Authority at least 21 days before the PHS is provided to investors, such submission of the PHS and the product summary, being no later than 30 November 2011. If such ILP sub-fund feeds 100% into an authorized or recognized CIS, the insurer need not submit the PHS and the product summary for that ILP sub-fund. An insurer shall ensure that there is a PHS for all ILP sub-funds which are in existence immediately before 1 March 2011 with effect from 1 March 2012.
- 96 An insurer need only comply with MAS Notice 307 2011 in respect of its structured product ILP sub-funds by 1 April 2012 or be grandfathered subject to those conditions that are applicable to structured product funds under the collective investment schemes.
- 97 An insurer need not observe paragraph 93 in respect of its ILP sub-funds which have been launched as at 30 September 2011. An insurer is nonetheless strongly encouraged to observe paragraph 93 in respect of these ILP sub-funds.

Appendix A

Information to be disclosed in the Product Summary

Description of Policy

1. The insurer shall provide in the product summary for the ILP a general description, in non-technical terms, of the principal features of the ILP, including a description of the manner in which the benefits shall reflect the investment performance of each ILP sub-fund and factors affecting the policy benefits.
2. The insurer shall comply with the requirements set out on paragraphs 4 to 73 in this Appendix for each of the ILP sub-funds selected for investment under the ILP when providing information in the product summary.

Available ILP sub-funds

3. List the name of each of the ILP sub-funds available for investment under the ILP.

Information on the Manager

4. List the manager of each of the ILP sub-funds.
5. State the track record of the manager, including the number of years the manager has managed ILP sub-funds, collective investment schemes or discretionary funds, including life insurance funds whether in Singapore or elsewhere (if applicable).
6. Where the manager invests 30% or more of the asset value of the ILP sub-fund in a collective investment scheme (referred herein as the underlying fund), state the track record of the manager of the underlying fund, including the number of years the manager of the underlying fund has managed ILP sub-funds, collective investment schemes or discretionary funds, including life insurance funds whether in Singapore or elsewhere (if applicable).
7. For the purposes of paragraph 6 of this Appendix A, the amount invested in underlying funds which are managed by fund management companies (each, a “FMC” and collectively “FMCs”) within the same group, or which are sub-funds of the same umbrella fund, shall be aggregated. In such cases, either the track record of each FMC or the track record of the group, including the number of years the FMC or the group has managed ILP sub-funds, collective investment schemes or discretionary funds, including life insurance funds whether in Singapore or elsewhere (if applicable), shall be disclosed. Where the ILP sub-fund invests 30% or more of the asset value of the ILP sub-fund in more than one underlying fund managed by unrelated FMCs, state the track record, including the number of years for which each FMC or the group has managed ILP sub-funds, collective investment schemes or discretionary funds, including life insurance funds whether in Singapore or elsewhere (if applicable).

8. Where the manager engages another manager (referred herein as the sub-manager) to sub-manage 30% or more of the asset value of the ILP sub-fund, state the track record of the sub-manager including the number of years the sub-manager has managed ILP sub-funds, collective investment schemes or discretionary funds, including life insurance funds whether in Singapore or elsewhere (if applicable).
9. For the purposes of paragraph 8 of this Appendix A, the amount sub-managed by FMCs within the same group shall be aggregated. In such cases, either the track record of each sub-manager or the track record of the group including the number of years the sub-manager or the group has managed ILP sub-funds, collective investment schemes or discretionary funds, including life insurance funds whether in Singapore or elsewhere (if applicable), shall be disclosed. Where the ILP sub-fund is substantially sub-managed by more than one unrelated sub-manager, state the track record for each sub-manager (or group) including the number of years the sub-manager or the group has managed ILP sub-funds, collective investment schemes or discretionary funds, including life insurance funds whether in Singapore or elsewhere (if applicable).

Other Parties

10. State the name of the person (if any) who advises the manager in his management of the ILP sub-fund. The manager retains full discretion over the investments of the ILP sub-fund.
11. State the name of the auditor for each ILP sub-fund.

Structure of the ILP Sub-Fund

12. State if the ILP sub-fund is a single fund or a sub-fund under an umbrella fund.
13. Where the ILP sub-fund:
 - (a) is a feeder ILP sub-fund, state the name, country of domicile and manager of each underlying fund;
 - (b) is an ILP sub-fund of funds, state or give a summary of the country of domicile and manager of each underlying fund;
 - (c) is sub-managed, state the name and country of domicile of the sub-manager.

Investment Objectives, Focus & Approach

14. State the investment objectives and focus of the ILP sub-fund, including the types of investment, the countries or markets in which the ILP sub-fund invests, and the target industry or sector, where applicable.
15. State the manager's investment approach. For this purpose:

- (a) describe how the manager or sub-manager (referred to in paragraph 8 of this Appendix A) selects investments for the portfolio of the ILP sub-fund;
- (b) describe the investment approach of the manager (referred to in paragraph 6 of this Appendix A) of the underlying fund; and
- (c) in the case of an ILP sub-fund of funds, describe how the manager selects the underlying funds.

ILP sub-funds included under the CPF Investment Scheme

16. If the ILP sub-fund is included under the CPF Investment Scheme, state that fact and the risk classification of the ILP sub-fund.

Risks

17. Provide warning statements on the general risks of investing in the ILP and each ILP sub-fund.
18. State the risks specific to each ILP sub-fund by:
- (a) describing and explaining any major risk peculiar to the ILP sub-fund, including any risk arising from the markets, countries or sectors in which the ILP sub-fund invests;
 - (b) where the ILP sub-fund has an investment in a market outside Singapore, stating whether the manager intends to hedge its foreign currency exposure and, if so, how it shall do so (e.g. whether an active or passive hedging policy shall be adopted);
 - (c) where the ILP sub-fund is not denominated in Singapore dollars, stating whether the manager intends to fully hedge the foreign currency exposure, and if not, stating the policyholders shall be exposed to exchange rate risks; and
 - (d) where the ILP sub-fund is exempted from the 10% single party limit under Appendix 1 of the Code, stating that fact and the risks of over-concentration.

Fees and Charges

19. Set out the fees and charges listed below (where applicable) for the ILP and ILP sub-fund. Where there is a provision for a maximum fee or charge payable, highlight that fact and state that maximum.

Payable through deduction from premium or cancellation of units

- (a) Initial charge
- (b) Redemption fee

- (c) Switching fee between ILP sub-funds
- (d) Charges for insurance coverage
- (e) Premium allocation rate
- (f) Any other fee or charge payable by policyholder, including policy fee

Payable through deduction from asset value of the ILP sub-fund

- (a) Management fee
- (b) Additional fee charged by other underlying funds in which the ILP sub-fund invests (if applicable)
- (c) Performance fee (if applicable)
- (d) Guarantee fee (if applicable)
- (e) Any other substantial fee or charge (i.e. 0.1% or more of the ILP sub-fund's asset value). Where a fee or charge is expected to be substantial (i.e. 0.1% or more of the ILP sub-fund's asset value) but is currently indeterminable, state that fact and explain why it cannot be determined currently.

Subscription of Units

- 20. State how units in the ILP sub-fund may be purchased and how they are to be paid for.
- 21. State the minimum single premium, regular premium and top-up premium amount.
- 22. In the case of a new ILP sub-fund, state the initial purchase price and initial offer period.
- 23. State, in plain language, the dealing deadline and whether pricing is done on a forward or historical basis. State also whether pricing is done on an offer-bid or single pricing basis.
- 24. Give a numerical example of how the number of units allotted to a policyholder under an offer-bid or single pricing basis is derived, based on an investment of \$1,000.
- 25. Where the launch of an ILP sub-fund or the continued operation of an existing ILP sub-fund is conditional upon a minimum ILP sub-fund size, state that fact and the minimum ILP sub-fund size.
- 26. In the case of an ILP sub-fund where the insurer has a right not to proceed with the launch of the ILP sub-fund and to return the contributions to the applicants of the ILP sub-fund, state this fact, the circumstances under which this may

occur (e.g. where a minimum ILP sub-fund size is not reached) and whether the refund shall include any interest accrued.

27. Where there are two or more different classes of units available for subscription, describe the features of each class and the rights or obligations of policyholders of each class.

Redemption of Units

28. State how units in the ILP sub-fund may be redeemed or sold.
29. State the minimum holding amount and minimum redemption amount (if applicable).
30. State, in plain language, the dealing deadline and whether pricing is done on a forward or historical basis.
31. Give a numerical example of how the amount paid to a policyholder under an offer-bid or single pricing basis is calculated, based on the sale of 1,000 units in the ILP sub-fund and taking into account all fees or charges payable by the policyholder upon redemption.
32. State the period within which redemption proceeds shall be paid to policyholders.

Switching of Units

33. State the procedure for switching of units (where applicable).

Obtaining Prices of Units

34. State how policyholders may obtain the buying and selling prices of units in the ILP sub-fund and the dealing days to which the prices apply. Where prices are available from certain publications or media in Singapore, state the names of such publications or media. State the frequency of valuing the units.

Suspension of dealings

35. Describe any exceptional circumstances under which the issue or redemption of units may be suspended.

Past performance (where applicable)

36. Where the ILP sub-fund has been set up for at least a year, state the return on the ILP sub-fund over the last 1 year and where applicable, the return on the ILP sub-fund over the last 3, 5 and 10 years and since inception of the ILP sub-fund.
37. Where the ILP sub-fund has been constituted for less than 1 year and
- (a) the ILP sub-fund feeds significantly (meaning 30% or more of the NAV of the ILP sub-fund) into an existing underlying fund with a track record

- of at least 1 year, disclose the performance of the underlying fund over the last 1 year and where applicable, the return on the underlying fund over the last 3, 5 and 10 years and since inception of the underlying fund, and state an appropriate warning regarding its limitations as a proxy for the performance of the ILP sub-fund; or
- (b) does not fall within paragraph 37(a) of this Appendix A, state the fact that a track record of at least one year is not available.
38. State the basis of calculation of past performance and where applicable, include a statement that fees and charges payable through deduction of premium or cancellation of units are excluded from this calculation.
39. Where dividends have been declared or distributions have been made by the ILP sub-fund, state the return on the ILP sub-fund, calculated on the assumption that all dividends and distributions are reinvested, taking into account all charges which would have been payable upon such reinvestment and include a statement that the return is calculated on this basis.
40. Where the total return on the ILP sub-fund is presented for a period exceeding 1 year, state the average annual compounded return on the ILP sub-fund over the same period.
41. Indicate the period to which the return on the ILP sub-fund relates, of which
- (a) the last day of the period shall not be earlier than 6 months prior to the disclosure; and
- (b) the first day and last day of the period shall be determined on either of the following bases:
- (i) the first business day or last business day of a month; or
- (ii) the first dealing day or last dealing day of the ILP sub-fund in a month.
42. Include an appropriate warning that any past performance of the ILP sub-fund is not necessarily indicative of the future performance of the ILP sub-fund.
43. The insurer shall not include in the product summary or in any of the documents provided to the policyholders any information on past performance based on the simulated results of a hypothetical fund.

Comparison of past performance of the ILP sub-fund with that of another collective investment scheme or ILP sub-fund or an index

44. The insurer shall not include in a product summary any comparison of the past performance of the ILP sub-fund with that of another collective investment scheme or ILP sub-fund, unless:

- (a) such other collective investment scheme or ILP sub-fund has investment objectives and an investment focus similar to those of the ILP sub-fund; and
 - (b) the insurer states the basis of calculation of past performance and where applicable, that fees and charges payable through deduction of premium or cancellation of units are excluded from this calculation.
45. The insurer shall not include in a product summary any comparison of the past performance of the ILP sub-fund with that of an index, unless:
- (a) such index is the benchmark selected pursuant to paragraph 58 of this Appendix A for the ILP sub-fund or reflects the investment focus of the ILP sub-fund; and
 - (b) the insurer states the basis of calculation of past performance and where applicable, that fees and charges payable through deduction of premium or cancellation of units are excluded from this calculation.
46. The insurer shall not make any comparison of the past performance of the ILP sub-fund with that of another collective investment scheme or ILP sub-fund or index, unless:
- (a) such comparison is made using a common currency and where the currencies of the entities being compared are different, the conversion to the common currency is based on prevailing exchange rates at the beginning and end of the comparison period; and
 - (b) such comparison is based on a period of not less than a year, except where the ILP sub-fund has been constituted for less than a year, in which case, any such comparison is based on a period commencing from the inception of the ILP sub-fund.
47. Paragraphs 38 to 43 of this Appendix A shall also apply in the calculation of past performance referred to in paragraphs 44 to 46 of this Appendix A.

Comparison of past performance of the ILP sub-fund with that of another form of investment

48. The insurer shall not include in a product summary any comparison of the past performance of the ILP sub-fund with that of another form of investment, unless:
- (a) such other form of investment has a risk profile similar to that of the ILP sub-fund; and
 - (b) the insurer states the basis of calculation of past performance and where applicable, that fees and charges payable through deduction of premium or cancellation of units are excluded from this calculation.

49. The insurer shall not make any comparison of the past performance of the ILP sub-fund with that of another form of investment unless it is based on a period of not less than a year, except where the ILP sub-fund has been constituted for less than a year, in which case, any such comparison shall be based on a period commencing from the inception of the ILP sub-fund.
50. Paragraphs 38 to 43 of this Appendix A shall also apply in the calculation of past performance referred to in paragraphs 48 to 49 of this Appendix A.

Performance of the Manager or Sub-Manager

51. Where the product summary includes any information on the past or present performance, skills or techniques of the manager or sub-manager for the ILP sub-fund
 - (a) state the source of such information;
 - (b) indicate the period to which the information relates; and
 - (c) include a prominent statement that the past performance of the manager or sub-manager is not necessarily indicative of its future performance.
52. The insurer shall not present in the product summary or in any other document distributed to the policyholders information on the past or present performance, skills or techniques of the manager or sub-manager for the ILP sub-fund or for any other funds under the management of the manager or sub-manager in a selective or biased way, such that any particular success is exaggerated or lack of success is disguised.

Future performance of the ILP sub-fund

53. Subject to paragraph 55 of this Appendix A, the insurer shall not, in the product summary
 - (a) include any prediction or forecast as to the future or likely performance of the ILP sub-fund; or
 - (b) use words such as ‘targeted’, ‘expected’ or any similar words or description in relation to a rate of return.
54. The insurer may include in the product summary a prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets which are targeted by the ILP sub-fund but the insurer shall juxtapose such prediction, projection or forecast with a prominent statement to the effect that the prediction, projection or forecast is not necessarily indicative of the future or likely performance of the ILP sub-fund.
55. The Authority may by notice in writing allow the insurer to include in the product summary a prediction, projection or forecast on any matter, other than that referred to in paragraph 54 of this Appendix A, in relation to the future or likely performance of the ILP sub-fund.

56. Where the Authority has granted the insurer an allowance under paragraph 55 of this Appendix A, such product summary shall not include a prediction, projection or forecast on any matter under paragraph 55 of this Appendix A unless:
- (a) the person making the prediction, projection or forecast has reasonable grounds for making it; and
 - (b) the product summary discloses such assumptions, warning statements and other information as may be required by the Authority.
57. Where the return on the ILP sub-fund is guaranteed or, where the use of a prediction, projection or forecast has been allowed by the Authority under paragraph 55 of this Appendix A, the insurer shall present any guaranteed return or, prediction, projection or forecast on an average annual compounded basis.

Performance of benchmark (where applicable)

58. Disclose the benchmark against which the ILP sub-fund's performance is or shall be measured. If a customised benchmark or combination of multiple benchmarks is used, describe how the benchmark is derived.
59. In the case of an existing ILP sub-fund, disclose the performance of the benchmark over the last 1, 3, 5 and 10 years and since inception of the ILP sub-fund (where applicable).
60. If there has been a change in benchmark at any point in the life of the ILP sub-fund, state the fact and explain the reason for the change.
61. Where no benchmark is used, explain why no benchmark is used.

Expense ratio

62. In the case of an existing ILP sub-fund, state the expense ratio of the ILP sub-fund, while excluding from the calculation of the expense ratio (as defined herein) the following expenses (where applicable), and state the exclusions from the calculation:
- (a) charges for insurance coverage;
 - (b) brokerage and other transaction costs;
 - (c) performance fee;
 - (d) foreign exchange gains and losses;
 - (e) front or back-end loads arising from the purchase or sale of other funds; and
 - (f) tax deducted at source or arising from income received.

63. For the purposes of this Notice, “expense ratio” means the expense ratio as calculated in accordance with the Investment Management Association of Singapore’s guidelines on the disclosure of expense ratios and based on the figures in the ILP sub-fund’s latest Relevant Audit Report.

Turnover ratio

64. In the case of an existing ILP sub-fund, state the turnover ratio (as defined herein) of the portfolio of the ILP sub-fund.
65. “Turnover ratio” means a ratio calculated based on the lesser of purchases or sales expressed as a percentage over “average net asset value”. For the purposes of this paragraph, “average net asset value” means the net asset value for each day averaged over, as far as possible, the same period used for calculating the expense ratio. Where the ILP sub-fund feeds substantially into another fund, disclose the turnover ratio of the underlying fund and state clearly the period to which the ratio applies.

Soft Dollar Commissions or Arrangements

66. In the case of a new ILP sub-fund, state whether the insurer, manager, sub-manager or manager of an underlying fund into which the ILP sub-fund invests more than 10% of its asset value or any other person who executes trades for the underlying fund receives or intends to receive soft dollars in respect of the ILP sub-fund or the underlying fund.
67. In the case of an existing ILP sub-fund in which a person mentioned in paragraph 66 of this Appendix A receives soft dollars in respect of the ILP sub-fund or underlying fund, describe the soft dollars received in respect of the ILP sub-fund or underlying fund (where such information is available).

Conflicts of Interest

68. Describe any conflict of interest which exists or may arise in relation to the ILP sub-fund and its management, state whether these conflicts of interest shall be resolved or mitigated, and if so, how they shall be resolved or mitigated.
69. The factors to be taken into account by the insurer and manager when determining if there are any conflicts of interest include
- (a) the nature and extent of the interest of the insurer, manager, investment adviser or sub-manager, or any of its directors, in respect of the ILP sub-fund or any property acquired or proposed to be acquired by the ILP sub-fund;
 - (b) any possibility of the insurer or manager acquiring an interest in the ILP sub-fund;

- (c) any affiliation between the insurer, manager or sub-manager, or any of the directors of the insurer, manager or sub-manager, and entities which provide services to the ILP sub-fund; and
- (d) where the insurer, manager or sub-manager manages other funds with a similar investment focus, how orders for transactions of the same property are allocated between the funds.

Reports

- 70. State the financial year-end of the ILP sub-fund and when policyholders may expect to receive the Semi-Annual Reports and the Relevant Audit Reports.
- 71. In the case of an existing ILP sub-fund, state where the latest Semi-Annual Reports and Relevant Audit Reports may be obtained.

Specialised ILP Sub-Funds

- 72. If the ILP sub-fund is a specialised sub-fund, state specific warnings or additional information as required in the Annexes to this Appendix as may be applicable.

Other Material Information

- 73. State all other material information that investors and their professional advisers would reasonably require and expect to find in the product summary, for the purpose of making an informed decision about the merits and risks of the ILP and ILP sub-fund.

Annex Aa

Additional Disclosure Requirements for Money Market ILP Sub-Funds

The insurer shall disclose the following in the product summary of a money market ILP sub-fund (“MMF”):

- (a) that the purchase of a unit in the MMF is not the same as placing funds on deposit with a bank or deposit-taking financial institution;
- (b) that although the manager may seek to maintain or preserve the value of the principal of the MMF, there can be no assurance that the ILP sub-fund shall be able to meet this objective; and
- (c) that the MMF is not a guaranteed fund, in that there is no guarantee as to the amount of capital invested or return received.

In addition, the insurer shall state in the product summary of a MMF the maximum percentage of a MMF’s asset value that can be invested in derivatives for hedging, tactical asset allocation or efficient portfolio management.

Annex Ab

Additional Disclosure Requirements for Hedge ILP Sub-Funds

The insurer shall disclose the following in the product summary of a hedge ILP sub-fund:

- (a) that this Notice does not prescribe investment guidelines for hedge ILP sub-funds as opposed to other types of ILP sub-funds;
- (b) that an investment in the hedge ILP sub-fund carries risks of a different nature from other types of collective investment schemes or ILP sub-funds which invest in listed securities and do not engage in short selling and that the hedge ILP sub-fund may not be suitable for persons who are averse to such risks;
- (c) that in the case where the hedge ILP sub-fund is:
 - (i) not capital guaranteed or capital protected, investors may lose all or a large part of their investment in the hedge ILP sub-fund; or
 - (ii) capital guaranteed or capital protected, investors are subject to the credit risk of the guarantor or default risk of the issuer of the securities providing the protection;
- (d) that an investment in the hedge ILP sub-fund is not intended to be a complete investment programme for any investor and prospective investors should carefully consider whether an investment in the hedge ILP sub-fund is suitable for them in the light of their own circumstances, financial resources and entire investment programme;
- (e) the frequency of redemption and the period within which redemption proceeds shall be paid to policyholders;
- (f) the material differences between the hedge ILP sub-fund and other types of collective investment schemes or ILP sub-funds;
- (g) details of the hedge ILP sub-fund's risk management and monitoring procedures and internal controls, and a statement from the manager that, in its view, the procedures and controls are sufficient for the management of the hedge ILP sub-fund in accordance with its objectives stated in the product summary;
- (h) a statement that the liability of policyholders is limited to their investment in the hedge ILP sub-fund;
- (i) in the case of a single hedge ILP sub-fund, the extent to which it may be leveraged;
- (j) in the case of a hedge ILP sub-fund of funds –
 - (i) the strategies to be used to achieve diversification;

- (ii) the criteria to be used to select underlying funds; and
 - (iii) the extent to which the underlying funds may be leveraged; and
- (k) in the case of a capital protected hedge ILP sub-fund or a capital guaranteed hedge ILP sub-fund, that the protection or guarantee is effective only at maturity of the hedge sub-fund and if policyholders were to redeem their investment prematurely, there would be a risk of capital loss.

Annex Ac

Additional Disclosure Requirements for Capital Guaranteed ILP Sub-Funds

The insurer shall disclose the following in the product summary of a capital guaranteed ILP sub-fund:

- (a) the name and place of business of the guarantor, a brief description of its business, its financial position and its credit rating;
- (b) a statement that the guarantee does not give any assurance as to the future solvency of the guarantor itself;
- (c) the material terms of the guarantee, including the scope, validity and enforceability of the guarantee and, in particular, the circumstances under which the guarantee may be terminated, such as:
 - (i) if the guarantor goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation);
 - (ii) if any law is passed which renders the agreement for the guarantee illegal or which, in the opinion of the insurer, renders it impracticable to continue with the guarantee; or
 - (iii) if the capital guaranteed fund is voluntarily terminated.
- (d) the consequence or implication to policyholders with regard to the guarantee:
 - (i) if the manager retires, is removed or is replaced; or
 - (ii) if there is a change in the guarantor by virtue of the requirements under paragraph 51 of the Notice, which requirements arise from incorporating into this Notice paragraph 3.3(b) in the Appendix for Capital Guaranteed Funds contained in the Code, with the necessary modifications described in the Notice for application to ILP sub-funds;
- (e) if the guarantee is for only a limited duration, the expiry date of the guarantee, and whether or not that period commences from the date of the initial launch of the capital guaranteed ILP sub-fund or from the date of the policyholder's investment in the capital guaranteed ILP sub-fund;
- (f) where applicable, that the guarantee only applies to policyholders of the capital guaranteed ILP sub-fund who hold their investment until the date specified in the guarantee and that any redemption before such date would be based on the net asset value of the ILP sub-fund on that date;
- (g) whether or not the guarantee is in respect of 100% of the monies paid by the policyholders or only in respect of the amount actually paid into the capital guaranteed ILP sub-fund (i.e. excluding any subscription fee or preliminary charge);

- (h) a statement to the effect that there may be a dilution of performance of the ILP sub-fund due to the guarantee structure being in place; and
- (i) any other matter relating to the guarantee that may be relevant to a potential investor in deciding whether or not to invest in the capital guaranteed ILP sub-fund.

Annex Ad

Additional Disclosure Requirements for Index ILP Sub-Funds

The insurer shall disclose the following in the product summary of an index ILP sub-fund:

- a) the market or sector which the index aims to represent;
- b) the index methodology or the means by which policyholders may obtain such information (for example, by providing the website address of the index provider);

Guidance

The index methodology should include but not be limited to information on the criteria used for selecting and allocating weights to constituents, and information on the index rebalancing process.

- c) the characteristics and composition of the index;
- d) the names and weightings of the top 10 largest constituents of the index as of a date within a month of the date of the product summary;
- e) the constituents of a commodity index which are highly correlated and therefore treated as giving exposure to the same commodity for the purpose of paragraph 4(e) of Appendix 5 of the Code, and how such correlation is determined;
- f) the means by which policyholders may obtain the latest information on the index;
- g) the strategies used by the index ILP sub-fund to track the index and provide a description of the strategies used;

Guidance

The strategies should include a diagrammatic illustration if appropriate.

- h) a statement that there is no assurance that the index ILP sub-fund will be able to fully track the performance of the index, a description of the circumstances that may lead to tracking errors, and the methods used in minimising such errors;
- i) whether the index provider and the manager are related to each other and if so, the means by which potential conflicts of interests are managed;
- j) the circumstances that may affect the accuracy and completeness in the calculation of the index;
- k) where applicable, that the investments of the index ILP sub-fund may be concentrated in a particular market or sector;
- l) a warning that the index composition may change;

- m) a warning that the manager may lack the discretion to adapt to market changes and that a fall in the index may result in a corresponding fall in the ILP sub-fund's NAV;
- n) a warning that any material licensing condition in relation to the use of the index may prevent the index ILP sub-fund from achieving its objective; and
- o) the contingency plan in the event that the index is no longer available for use by the ILP sub-fund.

Annex Ae

Additional Disclosure Requirements for Property ILP Sub-Funds

The insurer shall disclose the following information in the product summary of a property ILP sub-fund:

- (a) whether the property ILP sub-fund shall have proper diversification of its investments and if so, the insurer shall describe the diversification. Where the property ILP sub-fund proposes to invest in a single real estate asset or where there is a high concentration of its investments in real estate, the insurer shall state this fact and the risks arising from the lack of diversification;
- (b) the property ILP sub-fund's policy on divestment of assets, including whether the proceeds are to be returned to investors or to be re-invested;
- (c) the particulars of interested-party transactions as required under paragraph 51 of the Notice, which requirements arise from incorporating into this Notice the requirements concerning property funds set forth in Appendix 6 of the Code, with the necessary modifications described in this Notice for application to ILP sub-funds;
- (d) a statement in respect of the real estate assets proposed to be bought by the property ILP sub-fund, including the location (country or region) and type or types of real estate (e.g. whether residential, commercial or industrial);
- (e) where it is a new property ILP sub-fund, a statement that the manager has up to 24 months to invest at least 35% of the ILP sub-fund's deposited property in real estate;
- (f) where the property ILP sub-fund has identified specific real estate assets to be bought, the period within which each transaction shall be completed;
- (g) details of the permissible investments of the property ILP sub-fund;
- (h) where the property ILP sub-fund proposes to invest in real estate subject to the Residential Property Act (Cap. 274), the prohibition on investments by foreign investors;
- (i) the expertise and experience of the manager or its employees in managing property funds or in investing in or advising on real estate;
- (j) the expertise and experience of the adviser (if any), including a statement detailing the functions of the adviser;
- (k) details of all fees or commissions payable to the manager, adviser or any interested party;
- (l) the frequency of valuation of the property ILP sub-fund's real estate assets;
- (m) the risks of investing in the property ILP sub-fund, including:

- (i) the general risks associated with investing in real estate;
 - (ia) the risks specific to investing in property funds;
 - (ii) the particular risks of its proposed investments;
 - (iii) in the case of an unlisted property ILP sub-fund, the risk that a policyholder is unable to sell his investment readily; and
 - (iv) in the case of a listed property ILP sub-fund exempted from the requirement to redeem, a clear statement to the effect that policyholders shall have no right to request that the manager or insurer redeem their units, and a warning to potential investors that being listed for quotation on the official list of any “securities exchange” [as defined in section 2 of the Securities and Futures Act, (Cap. 289)] does not guarantee a liquid market for these units;
- (n) if applicable, the frequency of and procedure for redemption, the redemption fees payable (if any) and the period within which redemption proceeds shall be paid to policyholders of the property ILP sub-fund; and
- (o) in the case of a listed property ILP sub-fund:
- (i) where the initial purchase price of each unit is not the net asset value per unit of the assets of or to be acquired by the property ILP sub-fund, the premium or discount to net asset value;
 - (ii) the total number of units to be issued during the initial offer period;
 - (iii) a statement to the effect that an application has been or will be made to, or permission granted by, a securities exchange for the units to be listed for quotation in that securities exchange, and the name of the securities exchange; and
 - (iv) if known, the dates on which units in the property ILP sub-funds will be listed for quotation on a securities exchange and the date of trading commencement.

Appendix B

Information to be disclosed in the Policy

In the policy for ILPs, the insurer shall disclose the following:

Fees and Charges

1. Set out the fees and charges payable, including those payable through deduction of premium or cancellation of units, and those payable from the assets of the ILP sub-fund. Where the fee or charge is not fixed, highlight that fact and state the maximum if there is a provision for a maximum fee or charge payable. Set out how changes in fees and charges shall be disclosed to policyholders.

Subscription and Redemption of Units

2. State the dealing deadline and the pricing basis, whether done on a forward or historical basis. State also whether pricing is done on an offer-bid or single pricing basis.
3. Where there are two or more different classes of units available for subscription, describe the features of each class and the rights or obligations of policyholders of each class.
4. State how units in the ILP sub-fund may be redeemed or sold.
5. State the minimum holding amount and minimum redemption amount.
6. State how policyholders may obtain the buying and selling prices of units in the ILP sub-fund and the dealing days to which the prices apply.
7. State the circumstances in which the insurer or manager for the ILP sub-fund or any other person may be required to purchase from a policyholder any unit subscribed for or acquired by the policyholder and the method of determining the price at which the unit is to be purchased.

Switching of Units

8. State the procedure for switching of units (where applicable).

Suspension of dealings

9. Describe any exceptional circumstances under which the issue or redemption of units may be suspended.

Appendix C

Information to be disclosed in the Statement to Policyholders

The insurer shall submit to policyholders a statement on the performance and status of their investment-linked policies on at least an annual basis, which shall contain the following information:

- (a) number and value of units held at the end of the previous statement period;
- (b) number and value of units (at point of subscription) bought during the statement period including the average unit price*;
- (c) number and value of units (at point of redemption or deduction) sold or deducted during the statement period including the average unit price*;
- (d) number and value of units held at end of current statement period;
- (e) fees and charges payable through deduction of premium or deduction of units, identifying each by the purpose for which the fees and charges relate such as initial charge, charge for insurance coverage or switching fee;
- (f) premiums received during the statement period;
- (g) current death benefit at the end of the current statement period;
- (h) net cash surrender value at the end of the current statement period; and
- (i) amount of outstanding loans, if any, at the end of the current statement period.

* “Average unit price” is calculated as the Value of units/Number of units.

Appendix D

Information to be disclosed in the Semi-Annual Report and Relevant Audit Report to Policyholders (in respect of ILP sub-funds other than property ILP sub-funds)

This Appendix shall not apply when reporting on property ILP sub-funds. The insurer shall provide or cause to be provided in the Semi-Annual Report and Relevant Audit Report (based on the financial year of the ILP sub-fund) to policyholders on each ILP sub-fund the following information (where relevant):

1. For all types of ILP sub-funds:
 - (a) investments at market value and as a percentage of the ILP sub-fund's NAV as at the end of the period under review classified by:
 - (i) country;
 - (ii) industry;
 - (iii) asset class; and
 - (iv) credit rating;
 - (b) the top 10 holdings at market value and as a percentage of the ILP sub-fund's NAV as at the end of the period under review and the immediately preceding year;
 - (c) exposure to financial derivatives:
 - (i) market value of financial derivative contracts and as a percentage the ILP sub-fund's of NAV as at the end of the period under review;
 - (ii) net gains or net losses on financial derivative contracts realised during the period under review; and
 - (iii) net gains or net losses on outstanding financial derivative contracts marked to market as at the end of the period under review;
 - (d) amount and percentage of the ILP sub-fund's NAV invested in collective investment schemes as at the end of the period under review;
 - (e) amount and percentage of debt to the ILP sub-fund's NAV at the end of the period under review;
 - (f) amount of redemptions and subscriptions for the period under review;
 - (g) amount of related-party transactions for the period under review;

- (h) the performance of the ILP sub-fund and where applicable, the performance of the benchmark, in a consistent format, covering the following periods of time: 3-month, 6-month, 1-year, 3-year, 5-year, 10-year and since inception of the ILP sub-fund. Returns shall be calculated on a bid-to-bid basis with dividends reinvested at the bid price. Where there has been a change in the benchmark used, the insurer shall state so;
- (i) expense ratios for the period under review and in the immediately preceding year. The insurer shall state that the expense ratio does not include (where applicable) charges for insurance coverage, brokerage and other transaction costs, performance fee, foreign exchange gains or losses, front or back end loads arising from the purchase or sale of collective investment schemes and tax deducted at source or arising out of income received;
- (j) turnover ratios for the period under review and in the immediately preceding year;
- (k) any material information that shall adversely impact the valuation of the ILP sub-fund such as contingent liabilities of open contracts;
- (l) subject to paragraphs 1A and 1B, where the ILP sub-fund invests more than 30% of its assets in a collective investment scheme (“the underlying fund”) the insurer shall include the following key information on the underlying fund:
 - (i) top 10 holdings at market value and as a percentage of NAV as at the end of the period under review and the immediately preceding year;
 - (ii) expense ratios for the period under review and the immediately preceding year;
 - (iii) a statement (where applicable) that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains or losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received; and
 - (iv) turnover ratios for the period under review and the immediately preceding year;

Guidance

Where the underlying fund is managed by a foreign manager which belongs to the same group of companies as, or has a formal arrangement or investment agreement with the Singapore manager, the above information should be disclosed on the underlying fund. In other cases, such information on the underlying fund shall be disclosed only if it is readily available to the Singapore manager;

- (m) a statement describing the soft dollars received from each broker that executed transactions for the ILP sub-fund. If the broker also executed trades for other ILP sub-fund or collective investment scheme managed by the manager, the insurer shall include a statement to that effect. The manager shall also confirm that the goods and services received were for the benefit of the ILP sub-fund, the trades were made on a best execution basis and there was no churning of trades; and
 - (n) the half-yearly financial statements for the Semi-Annual Report or the annual financial statements for the Relevant Audit Report.
- 1A. Where the information provided by the manager of the underlying fund is for a period that differs from the Semi-Annual Report or Relevant Audit Report, it is sufficient for the insurer to provide the latest information provided by the fund manager, provided that the insurer –
- (a) disclose the relevant period of the information provided by the fund manager for the underlying fund ; and
 - (b) state that the information for the same reporting period as that of the ILP sub-fund is not available.
- 1B. Where the insurer is unable to obtain any information in paragraph (1)(i) to (iv) from the manager of the underlying fund, the insurer shall state that the information is not available and the reasons why the information is not available.
2. Additional information for money market ILP sub-funds:
- (a) the distribution of non-deposit investments of the ILP sub-fund in dollar and percentage terms categorised by:
 - (i) type; and
 - (ii) credit rating; and
 - (b) the term to maturity of the sub-fund’s portfolio of investments, such as the distribution of investments grouped by similar maturities.

Guidance

For example, up to 30 days, 31 – 60 days, 61 – 90 days, 91 – 120 days, 121 – 180 days etc.

Appendix E

Information to be disclosed in the Relevant Audit Report to Policyholders (in respect of property ILP sub-funds)

This Appendix shall apply only when reporting on property ILP sub-funds. The insurer shall provide or cause to be provided in the Relevant Audit Report (based on the financial year of the property ILP sub-fund) to policyholders on each property ILP sub-fund the following information:

- (a) details of all real estate transaction(s) entered into during the financial year to which the report relates, including the identity of the buyer(s), seller(s), purchase, sale price(s), and their valuation(s) [including the method(s) used to value the asset(s)];
- (b) details of all the property ILP sub-fund's real estate assets, including the location of such assets, their purchase prices and latest valuations, rental income received and occupancy rates, and/ or the remaining term(s) of the property ILP sub-fund's leasehold property or properties (where applicable);

Guidance

In order to facilitate more meaningful comparisons between different property ILP sub-funds, the annual report should disclose details of the property ILP sub-fund's investments in leasehold properties. The disclosure should be informative and meaningful, so that policyholders are provided details of the unexpired lease terms of leasehold properties. One approach would be to provide the proportion of the property ILP sub-fund invested in leasehold properties and the weighted average unexpired lease term of these assets.

- (ba) the tenant profile of the property ILP sub-fund's real estate assets, including the following:
 - (i) total number of tenants;
 - (ii) top 10 tenants, and the percentage of total gross rental income attributable to each of these;
 - (iii) trade sector mix of tenants, in terms of the percentage of total gross rental income attributable to major trade sectors; and
 - (iv) lease maturity profile, in terms of the percentage of total gross rental income, for each of the next 5 years;
- (c) in respect of the other assets of a property ILP sub-fund, details of the:
 - (i) 10 most significant properties (including the amount and percentage of ILP sub-fund size at market valuation); and

- (ii) distribution of investments in dollar and percentage terms by country, asset class (e.g. equities, mortgage-backed securities, bonds, etc.) and by credit rating of all debt securities (e.g. “AAA”, “AA”, etc.);
- (d) details of the property ILP sub-fund’s exposure to derivatives, including the net total aggregate value of contract prices and such aggregate value as a percentage of total ILP sub-fund size and at market valuation;
- (e) details of the property ILP sub-fund’s investment in other property funds, including the amount invested and amount invested as a percentage of total property ILP sub-fund size;
- (f) details of borrowings of the property ILP sub-fund;
- (fa) details of deferred payment arrangements entered into by the property ILP sub-fund (if applicable);
- (g) the total operating expenses of the property ILP sub-fund, including all fees and charges paid to the manager, adviser and interested parties (if any), and tax liability incurred in relation to the property ILP sub-fund’s real estate assets;
- (h) the performance of the property ILP sub-fund in a consistent format, covering the following periods of time (1-year, 3-year, 5-year or 10-year) whereby:
 - (i) in the case of a property ILP sub-fund whose units are not listed on a securities exchange, such performance is calculated on a “offer to bid” basis over the applicable period; or

Guidance

For the purpose of comparing the property ILP sub-fund’s performance with an index or other property ILP sub-funds, such comparisons should be similar to the requirements set out in regulation 26 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 on comparison of past performance advertised or published, as though the property ILP were a collective investment scheme.

- (ii) in the case of a property ILP sub-fund whose units are listed on a securities exchange, such performance is calculated on the change in the unit price transacted on the securities exchange over the applicable period⁵.

Guidance

The calculation should be based on the closing price on the last day of the preceding reporting period (or in the case of a new fund, the opening price on the first day of trading) compared with the closing price on the last day of the current period.

⁵ This shall be based on the closing price on the last day of the preceding reporting period (or in the case of a new fund, the opening price on the first day of trading) compared with the closing price on the last day of the current period.

Calculation of the property ILP sub-fund's performance required in subparagraph (h) of this Appendix E shall be made on the assumption that any dividends or distributions made were reinvested into the property ILP sub-fund on the day they were paid out;

Guidance

The price at which dividends or distributions are assumed to be reinvested should be the bid price (in the case of an unlisted property ILP sub-fund) or the closing price of the unit traded on SGX (in the case of a listed property ILP sub-fund) on the ex-dividend or ex-distribution date.

- (i) its NAV per unit at the beginning and end of the financial year to which the report relates;
- (j) where units in the property ILP sub-fund is listed on a securities exchange, the unit price quoted on the exchange at the beginning and end of the financial year to which the report relates, the highest and lowest unit price and the volume traded during the financial year to which the report relates.

Appendix F

Information to be Disclosed in Advertisements and Publications

Advertisement shall not be False or Misleading

1. No insurer shall provide any information in any advertisement or a publication that is false or misleading, or that cannot be justified on the facts known to the person responsible for the advertisement or publication, at the time the advertisement or publication is advertised or published.
2. No insurer shall, whether by the prominence given to specific information or otherwise, create in any advertisement or publication in relation to an ILP or ILP sub-fund a false or misleading impression as to the ILP or ILP sub-fund in question.

Contents of Advertisement

3. Where an offer or invitation in respect of units in an ILP sub-fund is being made at the time an advertisement or publication in relation to the ILP sub-fund is advertised or published, the insurer shall not advertise or publish the advertisement or publication unless such advertisement or publication —
 - (a) states —
 - (i) that a product summary and a PHS in relation to the ILP sub-fund is available;
 - (ii) how a copy of the product summary and the PHS may be obtained;
 - (iii) that a potential investor should read the product summary and the PHS before deciding whether to subscribe for units in the ILP sub-fund; and
 - (iv) that the value of the units in the ILP sub-fund and the income accruing to the units, if any, may fall or rise;
 - (b) states the name of the insurer of the ILP and the manager of the ILP sub-fund if the advertisement or publication does not otherwise clearly identify the insurer or manager;
 - (c) where the name of the ILP sub-fund is not indicative of the ILP sub-fund's investment objectives and focus, states the ILP sub-fund's investment objectives and focus;
 - (d) where the advertisement or publication includes a quotation expressing acclaim or approval for or recommending the ILP sub-fund or the manager for the ILP sub-fund, states the source of such quotation;
 - (e) where there is no guarantee or warranty given as to —

- (i) the protection of the principal sum a policyholder invests in the ILP sub-fund (whether including or excluding the subscription fee); or
 - (ii) the rate of return on the ILP sub-fund, does not contain words such as “guarantee”, “warranty” or any other expression suggesting that the principal sum invested in or rate of return on the ILP sub-fund is guaranteed, or that a policyholder cannot lose money;
- (f) where the ILP sub-fund is represented as a guaranteed ILP sub-fund, states the name of the guarantor;
- (g) where the ILP sub-fund is a hedge fund or other high risk fund, indicates that an investment in the ILP sub-fund involves a high degree of risk, and that investment in such an ILP sub-fund is only appropriate for a person able and willing to take such a risk; and
- (h) where the units of the ILP sub-fund are listed or where an application has been or shall be made for such units to be listed for quotation on the official list of any securities exchange, and all or most investors may only deal in the units through the securities exchange, includes —
- (i) a statement that investors cannot redeem the units with the manager for the ILP sub-fund or that investors may only redeem units with the manager for the ILP sub-fund under certain specified conditions; and
 - (ii) a statement that the listing of the units does not guarantee a liquid market for the units.

Past Performance of ILP Sub-Fund

4. No insurer shall order the publication of an advertisement or publication in relation to an ILP sub-fund that includes information on the past performance of the ILP sub-fund unless the advertisement or publication —
- (a) includes a prominent statement that the past performance of the ILP sub-fund is not necessarily indicative of the future performance of the ILP sub-fund;
 - (b) states the return on the ILP sub-fund and include a statement on the basis of calculation of the return;
 - (c) where dividends have been declared or distributions have been made by the ILP sub-fund, states the return on the ILP sub-fund, calculated on the assumption that all dividends and distributions are reinvested, taking into account all charges which would have been payable upon such reinvestment, and includes a statement that the return is calculated on this basis;

- (d) presents the return on the ILP sub-fund in relation to a period of not less than one year, except that in the case of an ILP sub-fund that has been constituted for less than 12 months, presents the return on the ILP sub-fund in relation to a period commencing from the inception of the ILP sub-fund;
 - (e) where the total return on the ILP sub-fund is presented for a period exceeding one year, states the average annual compounded return on the ILP sub-fund over the same period; and
 - (f) indicates the period to which the return on the ILP sub-fund relates, of which -
 - (i) the last day of the period shall not be earlier than 3 months prior to the day on which the advertisement or publication is advertised or published; and
 - (ii) the first day and last day of the period shall be determined on either of the following bases:
 - (A) the first business day or last business day of a month; or
 - (B) the first dealing day or last dealing day of the ILP sub-fund in a month.
5. For the purposes of paragraph 4 of this Appendix F, where an ILP sub-fund which has been constituted for less than 12 months invests at least 90% of its funds in another collective investment scheme (“the underlying fund”), information on the past performance of the underlying fund may be included in the advertisement or publication, but not otherwise.
6. No insurer shall include any information on the past performance of an underlying fund in an advertisement or publication in relation to an ILP sub-fund unless the advertisement or publication —
- (a) includes an appropriate warning regarding the limitations of using information of past performance of the underlying fund as a proxy for the past performance of the ILP sub-fund; and
 - (b) complies with paragraph 4 of this Appendix F as though the information on the past performance of the underlying fund were information on the past performance of the ILP sub-fund.
7. Where any past performance of an ILP sub-fund included in an advertisement or publication in relation to that ILP sub-fund is due to exceptional circumstances that may not be sustainable, the insurer shall include in the advertisement or publication a prominent warning statement to that effect.
8. For the purposes of paragraph 7 of this Appendix F, “exceptional circumstances” include, but is not limited to —

- (a) an investment in an initial public offer of securities which has a large impact on the return on the ILP sub-fund but where such return is unlikely to be sustained; and
 - (b) a high annual return for a particular year where the ILP sub-fund has, or collective investment schemes or ILP sub-funds with a similar investment focus have, yielded a much lower historical long term average annual compounded return.
9. No insurer shall include in an advertisement or publication in relation to an ILP sub-fund any information on past performance based on simulated results of a hypothetical collective investment scheme or ILP sub-fund.

Comparison of Past Performance of ILP Sub-Fund with that of another Collective Investment Scheme or ILP Sub-Fund or an Index

10. No insurer shall order for publication an advertisement or a publication in relation to an ILP sub-fund with a comparison of the past performance of the ILP sub-fund with that of another collective investment scheme or ILP sub-fund unless —
- (a) such other collective investment scheme or ILP sub-fund has investment objectives and an investment focus which are similar to those of the ILP sub-fund to which the advertisement or publication relates; and
 - (b) the advertisement or publication states the basis of calculation of past performance and where applicable, that fees and charges payable through deduction of premium or cancellation of units are excluded from this calculation.
11. No insurer shall order for publication an advertisement or a publication in relation to an ILP sub-fund that includes a comparison of the past performance of the ILP sub-fund with that of an index unless —
- (a) such index is the benchmark chosen pursuant to paragraph 58 of Appendix A for the ILP sub-fund or an index which reflects the investment focus of the ILP sub-fund; and
 - (b) the advertisement or publication states the basis of calculation of past performance and where applicable, that fees and charges payable through deduction of premium or cancellation of units are excluded from this calculation.
12. No insurer shall make any comparison of the past performance of an ILP sub-fund with that of another collective investment scheme or ILP sub-fund or with an index unless such comparison uses a common currency and where the currencies of the entities being compared are different, such comparison must base the conversion to the common currency on prevailing exchange rates at the relevant time.

13. Any person making a comparison of past performance of an ILP sub-fund with that of another collective investment scheme or ILP sub-fund or an index shall also comply with the requirements set out in paragraphs 4 to 9 of this Appendix F.

Comparison of Past Performance of ILP Sub-Fund with that of another form of Investment

14. No insurer shall, in an advertisement or publication in relation to an ILP sub-fund, include a comparison of the past performance of the ILP sub-fund with that of another form of investment unless —
 - (a) such other form of investment has a risk profile which is similar to that of the ILP sub-fund; and
 - (b) such advertisement or publication states the basis of calculation of past performance and where applicable, that fees and charges payable through deduction of premium or cancellation of units are excluded from this calculation.
15. Any person making a comparison of past performance of an ILP sub-fund with that of another form of investment shall also comply with the requirements set out in paragraphs 4 to 9 of this Appendix F.

Performance of Manager or Sub-Manager

16. No insurer shall include any information on the past or present performance, skills or techniques of the manager for the ILP sub-fund or a person managing the assets of the ILP sub-fund on behalf of the manager (referred to in this Appendix as a sub-manager) in any advertisement or publication in relation to an ILP sub-fund, unless the advertisement or publication —
 - (a) states the source of such information;
 - (b) indicates the period to which such information relates; and
 - (c) includes a prominent statement that the past performance of the manager or sub-manager is not necessarily indicative of its future performance.
17. No insurer shall, in any advertisement or publication in relation to an ILP sub-fund, present any information on the past or present performance, skills or techniques of the manager or sub-manager for the ILP sub-fund, or the past or present performance of any other collective investment scheme or ILP sub-fund under the management of the manager or sub-manager, in a selective or biased way, such that any particular success is exaggerated or lack of success is disguised.

Future Performance of ILP Sub-Fund

18. Subject to paragraph 20 of this Appendix F, no insurer shall, in an advertisement or publication in relation to an ILP sub-fund -

- (a) include any prediction or forecast as to the future or likely performance of the ILP sub-fund; or
 - (b) use words such as “targeted”, “expected” or any similar words or description in relation to a rate of return.
- 19. No insurer shall include any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets which are targeted by the ILP sub-fund in any advertisement or publication unless such advertisement or publication is accompanied by a prominent statement to the effect that the prediction, projection or forecast is not necessarily indicative of the future or likely performance of the ILP sub-fund.
- 20. The Authority may by notice in writing allow, in an advertisement or publication in relation to an ILP sub-fund, inclusion of a prediction, projection or forecast on any matter other than that referred to in paragraph 19 of this Appendix F.
- 21. No insurer shall include in an advertisement or publication in relation to an ILP sub-fund a prediction, projection or forecast on any matter under paragraph 20 of this Appendix F unless —
 - (a) the person making the prediction, projection or forecast has reasonable grounds for making it; and
 - (b) the advertisement or publication discloses such assumptions, warning statements and other information as may be required by the Authority.
- 22. Where the return on an ILP sub-fund is guaranteed, the insurer shall present any guaranteed return on an average annual compounded basis.
- 23. A person presenting any prediction, projection or forecast allowed by the Authority under paragraph 20 of this Appendix F, shall present such prediction, projection or forecast on an average annual compounded basis.

Legibility and Audibility

- 24. Where an advertisement or publication in relation to an ILP sub-fund is in a visual form, the insurer shall cause the publication of such advertisement or publication containing the information required under paragraphs 3 to 23 of this Appendix F —
 - (a) to be clearly legible; and
 - (b) in the case of an advertisement or publication appearing in any document, including a newspaper, periodical, magazine or letter, electronic mail or website, to be in a font size of at least 10-point Times New Roman.

25. Where an advertisement or publication in relation to an ILP sub-fund in a visual form contains a footnote, the insurer shall cause the footnote —
 - (a) to be in a font size which is at least half the font size of the word or statement to which it relates; and
 - (b) in the case of an advertisement or publication appearing in any document, including a newspaper, periodical, magazine or letter, electronic mail or website, to be in a font size which is at least 10-point Times New Roman but need not be larger than 14-point Times New Roman.

26. Where an advertisement or publication in relation to an ILP sub-fund is shown or broadcast over the radio, television, cinema or other similar means, the insurer ordering the publication of such advertisement or publication shall cause the information required under paragraph 3(a)(iii) of this Appendix F to be contained in the advertisement or publication to be audible, unless the advertisement or publication is only in visual form, in which case such person shall cause such information to be visually displayed in a legible size for at least 5 seconds.

Appendix G

Information on the Investment-Linked Policy (“ILP”) Sub-Fund

1. Name of the ILP sub-fund.
2. Name of the manager of the ILP sub-fund.
3. Name of the regulatory authority of the manager.
4. Whether the ILP sub-fund invests more than 10% of the NAV of the ILP sub-fund into any collective investment scheme (CIS) and if so, please provide details in the table set out in Annex Ga.
5. (a) Indicate the type of the ILP sub-fund:

Non-specialised

- Balanced Sub-Fund
- Equity Sub-Fund
- Fixed Income Sub-Fund
- Structured Product Sub-Fund

Specialised

- Money Market Sub-Fund
- Hedge Sub-Fund
- Index Sub-Fund
- Property Sub-Fund
- Other (please specify): _____

- (b) Indicate if the ILP sub-fund falls into any of the following:
 - Capital Guaranteed Sub-Fund
 - Fund of Funds Sub-Fund

6. Describe the investment objectives of the ILP sub-fund.
7. Describe any novel features of the ILP sub-fund not characteristic of CISs authorized or recognized by the Authority that may reasonably be expected to have an impact on policyholders.
8. If more than 10% of the NAV of the ILP sub-fund is sub-managed, please provide details on the sub-managers:

Name of sub-manager	% of ILP sub-fund managed	Regulatory authority of sub-manager

Information on the Manager of the Investment-Linked Policy Sub-Fund

9. Do any of the following situations apply to the manager* or are there circumstances now existing that are likely to result in the occurrence of any such situation:
- (a) The manager is in the course of being wound up or otherwise dissolved whether in Singapore or elsewhere.
 - (b) Within the past 10 years, execution against the manager in respect of a judgment debt has been returned unsatisfied in whole or in part, whether in Singapore or elsewhere.
 - (c) Within the past 10 years, a receiver, a receiver and manager, a judicial manager or an equivalent person has been appointed, whether in Singapore or elsewhere, in relation to or in respect of any property of the manager.
 - (d) Within the past 10 years, the manager has entered into a compromise or scheme of arrangement with its creditors whether in Singapore or elsewhere, being a compromise or scheme of arrangement that is still in operation.
 - (e) Within the past 10 years, the manager has had judgment given against it in any civil proceedings or incurred penalties imposed by a public authority, in its principal place of business or elsewhere, or there are proceedings now pending that may lead to such a judgment or imposition of penalty.
 - (f) Within the past 10 years, the manager has been censured, disciplined, suspended or refused membership or registration by a regulatory authority for any activity in its principal place of business or elsewhere.

Please set out as annex(es), where appropriate, giving all relevant particulars if any answer to questions 10 (a) to (f) is “Yes”.

* For the purposes of this question, “manager” includes the manager of the ILP sub-fund, manager(s) of the underlying CIS(s) that the ILP sub-fund feeds more than 10% of its NAV into, and sub-manager(s) of the ILP sub-fund that manages more than 10% of the NAV of the ILP sub-fund.

Miscellaneous

10. Please set out as annex(es) any additional information considered relevant or material in relation to the ILP sub-fund and/or the manager of the ILP sub-fund. In addition, any deviation by the ILP sub-fund from the Non-Mandatory Standards, including investment guidelines and borrowing limits, set out in MAS Notice 307 is to be highlighted.

Declaration

I declare that to the best of my knowledge all information given in this form and in the attached annex(es) are true and correct.

Dated this _____ day of _____ 20 ____.

Signature: _____

(Name of Principal Officer)

Annex Ga

Information on the underlying CIS(s) of the ILP sub-fund

Name of underlying CIS	% invested by ILP sub-fund	Regulatory Authority of the CIS	Name of the CIS manager	Regulatory Authority of the CIS manager	Is the CIS an authorised, recognised, restricted authorised or restricted recognised scheme in Singapore? If so, please state the category that the CIS falls into.	Is the CIS a UCITS III scheme? (Yes/No)

Appendix H

Product Highlights Sheet

1. The PHS is to highlight key features and risks of the ILP sub-fund, to which it relates, to potential investors. The PHS shall:
 - (a) clearly disclose required information in the format as set out in this Appendix H;
 - (b) not contain any information that is not included in the product summary; and
 - (c) not contain any information that is false or misleading.

Requirements in relation to preparation of the PHS

2. Annex Ha sets out the templates for the PHS. The templates serve as minimum requirements. An insurer shall adhere to the format (including the tabular structure and the yellow strip on the right edge of the document) and headings and sub-headings set out in the templates for their respective investment products. Additional sub-headings may be added if these are useful to enumerate points in a long section. An insurer shall include any additional key information that is important for investors to understand the product.
3. Notes to guide an insurer in preparing its PHS are presented as italicised statements in the square brackets in the templates. Some examples are presented for illustration. These notes and examples are not meant to be exclusive or prescriptive. An insurer shall consider and decide on the information to be disclosed in the PHS so as to highlight key features and risks of the ILP sub-fund to the potential investors. In deciding on the information to be disclosed in the PHS, an insurer shall consider whether omitting the information would lead to the PHS containing false or misleading information.
4. An insurer shall answer the questions prescribed in the templates in clear and simple language that potential investors can easily understand. An insurer shall avoid using technical jargon in the PHS. Where technical terms are unavoidable, an insurer shall attach a glossary to the PHS to explain these technical terms.
5. An insurer may include references to websites or to corresponding sections of the prospectus which set out additional information for potential investors in the right-hand column of the PHS. Every insurer is encouraged to include links to online copies of disclosure documents, educational resources or explanatory material. However, key information shall be clearly disclosed in the PHS and the insurer shall not merely make reference to information in other sources, such as the product summary.
6. The use of diagrams such as graphs, charts, flowcharts, tables or numerical explanations to explain structures or payoffs of the investment products to investors is encouraged.

7. The PHS shall not be longer than four pages. If diagrams and a glossary are included, these pages would not be considered as part of the four-page limit. However, the PHS including diagrams and the glossary should not exceed eight pages. Diagrams may be inserted within the main body of the PHS if appropriate. The insurer's corporate logo or trade mark may also be inserted.
8. Information in the PHS (including footnotes and references) shall be in a font size of at least 10-points Times New Roman.
9. An insurer shall refrain from including disclaimers in a PHS.
10. Unless required by law or the listing rules of a securities exchange, an insurer shall avoid producing marketing material which resembles or may otherwise be confused with a PHS.

Annex Ha – Information to be disclosed in the Product Highlight Sheet

Prepared on:

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of the ILP sub-fund and complements the Product Summary.
- It is important to read the Product Summary before deciding whether to purchase the ILP sub-fund. If you do not have a copy, please contact us to ask for one.
- You should not invest in the ILP sub-fund if you do not understand it or are not comfortable with the accompanying risks.

NAME OF ILP SUB-FUND

Product Type	ILP Sub-Fund¹	Launch Date	[•]
Manager	[•]	Custodian	[•]
Capital Guaranteed	[Yes/No]	Dealing Frequency	Every Business Day/Every Monday etc.
Name of Guarantor	[•]	Expense Ratio for [Previous Financial Year]	[•]

SUB-FUND SUITABILITY

WHO IS THE SUB-FUND SUITABLE FOR?

- The Sub-Fund is only suitable for investors who:
 - [State return objectives (eg. capital growth/income/capital preservation) which the product will be suitable for]
 - [State if the principal will be at risk]
 - [State how long policyholders should be prepared to hold the investment for products which have lock-in periods]
 - [State other key characteristics of the ILP sub-fund which will help policyholders determine whether the sub-fund is suitable for them]

Example:

- The Sub-Fund is only suitable for investors who:
 - seek capital growth over a period of 3 years or longer;
 - also seek regular income through yearly distributions; and
 - are comfortable with the greater volatility and risks of an equity fund.

Further Information

Refer to the “[Relevant Section]” on Pg XX of the Product Summary for further information on suitability of the Sub-Fund.

¹ For ILP sub-funds that feeds 100% into an underlying CIS fund, some of the information provided below could be similar to the underlying CIS fund.

KEY FEATURES OF THE SUB-FUND	
<p>WHAT ARE YOU INVESTING IN? <i>[State key features of the sub-fund, such as the legal classification of the sub-fund, the broad investment objective of the sub-fund, whether it intends to offer regular dividends and when those are paid. If the sub-fund is structured to give specific payoffs due to certain trigger events or scenarios, describe those scenarios and provide scenario analysis and numerical examples. Where the index has unique features of its construction or its payoff, describe these features, with the assistance of tables and diagrams if necessary.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> • You are investing in an ILP sub-fund that feeds 100% into a unit trust that is constituted in [Place of constitution], that aims to provide you with returns through long term capital growth by investing in companies set up in the Asia Pacific region. • You may receive yearly distributions on or around 31 December. The Manager will decide whether a distribution is to be made based on [factors]. 	<p>Refer to the “[Relevant Section]” on Pg XX of the Product Summary for further information on features of the Sub-Fund.</p>
Investment Strategy	
<p><i>[Describe how the sub-fund intends to achieve its objective. For instance, describe the eligible assets it may invest in and the management philosophy. Any processes and structures which introduce significant risk should be included in the description. Include diagrams of the structure of the sub-fund if the sub-fund feeds into a structured fund, or pie charts of asset allocation as at a date near the date of PHS to show sectoral/country/asset type allocation, if applicable.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> • The ILP sub-fund will feed 100% into a unit trust that invest primarily in shares of companies listed on stock exchanges in the Asia Pacific region. The ILP sub-fund may hold cash or invest in derivatives instruments for purposes of hedging, reducing cost, reducing risk, or generating capital or income for no or minimal increase in risk. 	<p>Refer to the “[Relevant Section]” on Pg XX of the Product Summary for the full diagrams of the structure of the Sub-Fund.</p>
Parties Involved	
<p>WHO ARE YOU INVESTING WITH? <i>[State all parties involved in the structure of the product, such as the name of the umbrella fund/fund company, manager and sub-</i></p>	<p>Refer to the “[Relevant Section]” on Pg XX of the</p>

<p><i>manager, swap counterparty, and the custodian, where applicable.].</i></p> <p>Example:</p> <ul style="list-style-type: none"> • The Manager is [●] • The fund uses [●] as the counterparty for most of its derivative transactions. 	<p>Product Summary for further information on the role and responsibilities of these entities and what happens if they become insolvent.</p>
<p>KEY RISKS</p>	
<p>WHAT ARE THE KEY RISKS OF THIS INVESTMENT? <i>[State key risks which are either commonly occurring events, or which may cause significant losses if they occur, or both. While the risks may overlap into multiple categories below, there is no need to repeat the same risk in more than one section. Product-specific market or liquidity risks should be included under the market or liquidity risks section respectively.]</i></p> <p>These risk factors may cause you to lose some or all of your investment:</p>	<p>Refer to the “[Relevant Section]” on Pg XX of the Product Summary for further information on risks of the Sub-Fund.</p>
<p>Market and Credit Risks</p>	
<p><i>[State market risks (including currency risks) and counterparty risks which may result in the loss of capital or affect the pay-off of the investment and their consequences]</i></p> <p>Example:</p> <ul style="list-style-type: none"> • You are exposed to the market risks in Asia Pacific markets. <ul style="list-style-type: none"> ○ Your investments may go up or down due to changing economic, political or market conditions that impact the share price of the companies that the sub-fund invests in. • You have greater exposure to market risks as this is an equity fund. <ul style="list-style-type: none"> ○ Historically, equities have greater volatility than bonds and other fixed income securities. The sub-fund’s valuation and the price at which you can exit may correspondingly fluctuate more strongly on a day-to-day basis compared to sub-funds investing in bonds and other fixed income securities. 	

Liquidity Risks			
<p><i>[State any risks that a investors would face in trying to exit the sub-fund, eg: limitations on redemption or factors that may delay the payment of redemption proceeds.]</i></p> <p>Example:</p> <ul style="list-style-type: none"> • The Sub-Fund is not listed and you can redeem only on Dealing Days. <ul style="list-style-type: none"> ○ There is no secondary market for the sub-fund. All redemption requests should be made to the Manager. 			
Product-Specific Risks			
<p><i>[State fund-specific risks, which include structure-related risks, investment objective related risks, potential legal risks, etc]</i></p> <p>Example:</p> <ul style="list-style-type: none"> • You are exposed to derivatives risks. <ul style="list-style-type: none"> ○ The Manager may use derivative instruments, including futures, options, warrants, forwards, swaps or swap options, from time to time in managing the investments of the sub-fund. ○ The usage of derivatives may negatively impact the value of the ILP sub-fund and the sub-fund may suffer greater losses than if the sub-fund had not used derivatives ○ At the worst case, you may lose all your sub-funds invested if the sub-fund is fully exposed to derivative positions that move against the Manager’s judgement. 			
FEES AND CHARGES			
<p>WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?</p> <p><i>[State all fees and charges payable. This includes management fees, distribution fees, and any other substantial fees of more than 0.1% of NAV or of subscription value. Distinguish between fees payable via the investors’ investments in the fund and fees payable directly by the investors. Indicate if the fees are payable once-off or on a per-annum basis. If fees may later be increased or new fees introduced, state so here.]</i></p> <p>Example:</p> <p><u>Payable directly by you</u></p> <ul style="list-style-type: none"> • You will need to pay the following fees and charges as a percentage of your gross investment sum: <table border="1" style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 30%;">Sales Charge</td> <td>○ Up to 5% for cash and SRS</td> </tr> </table>	Sales Charge	○ Up to 5% for cash and SRS	<p>Refer to the “[<i>Relevant Section</i>]” on Pg XX of the Product Summary for further information on fees and charges.</p>
Sales Charge	○ Up to 5% for cash and SRS		

	investment	
	○ Up to 3% for CPF investment	
Redemption Charge	○ Currently NIL (maximum 5%)	
Switching Fee	○ Currently NIL (maximum 1%)	

Payable by the sub-fund from invested proceeds

- The sub-fund will pay the following fees and charges to the Manager and other parties:

Management Fee	○ 1.5% per annum
Accounting and Valuation Fee	○ 0.025% per annum, subject to a minimum of S\$5,000

VALUATIONS AND EXITING FROM THIS INVESTMENT

HOW OFTEN ARE VALUATIONS AVAILABLE?

[State how often and where valuations are published, eg: provide a web address or the name of local newspapers where the valuation is published.]

HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?

[State length of cooling off period and describe how investors can exit from the investment if they change their mind within the cooling off period and the relevant costs. If there is no cooling off period, state so clearly. Subsequent to cooling off period, describe how investors can exit from the investment and the relevant costs.]

Example:

- You can exit the sub-fund at any time by informing the insurer, either directly or through the financial adviser from whom you purchased the Fund. If you exit within the 14days freelook of the initial purchase of the ILP, you may do so without incurring the sales charge and fees stated above. However, you will have to take the risk for any price changes in the NAV of the Fund since you purchased it and pay an administrative fee of \$X.
- You will receive the sale proceeds within six business days from the time the insurer receives your request to exit from the ILP sub-fund.
- Your exit price is determined as follows:
 - If you submit the redemption order before 5pm on a business day, you will be paid a price based on the net asset value of the ILP sub-fund at the close of that

Refer to the “[Relevant Section]” on Pg XX of the Product Summary for further information on valuation and exiting from the Sub-Fund.

<p>business day.</p> <ul style="list-style-type: none"> ○ If you submit the redemption order after 5pm, you will be paid a price based on the net asset value at the close of the next business day. • The sale proceeds that you will receive will be the exit price multiplied by the number of units sold, less any charges. An example is as follows: <p>Exit price X Number of units sold = Gross Sale Proceeds S\$1.250 X 1,000 = S\$1,250</p> <p>Gross Sale Proceeds - Realisation Charge = Net Sale Proceeds S\$1,250 - S\$0.00 = S\$1,250</p>	
CONTACT INFORMATION	
<p>HOW DO YOU CONTACT US? <i>[State contact details of insurers whom investors can contact if they have enquiries. Include a website address and email address if appropriate]</i></p>	
APPENDIX: GLOSSARY OF TERMS	