

# FIRST STATE GLOBAL UMBRELLA FUND PLC

an umbrella fund with segregated liability between sub-funds

70 Sir John Rogerson's Quay, Dublin 2, D02 R296, Ireland

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should seek advice from your investment consultant, tax adviser and/or legal adviser as appropriate.

If you have sold or transferred all of your Shares in a Fund of First State Global Umbrella Fund plc (the "Company") please pass this letter to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee as soon as possible.

Unless otherwise defined, capitalised terms used herein shall bear the same meaning as capitalised terms used in the prospectus for the Company dated 30 May 2019 (the "Prospectus") and any supplements and the applicable local covering documents. A copy of the Prospectus is available upon request during normal business hours from the registered office of the Company.

The Directors accept responsibility for the accuracy of the information contained in this document. To the best of the Directors' knowledge and belief the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

7 November 2019

To: the Shareholders of the Company

Dear Shareholder,

**Notification of various changes to the Prospectus of the Company and its sub-funds (each a "Fund", collectively the "Funds")**

## 1) What's happening?

The Directors of the Company are writing to inform you of the updates that may impact you in the revised Prospectus which is going to be published on or about 10 December 2019. These updates are summarised below:-

### A) Sale of First State Investments to MUFG

On 2 August 2019, Mitsubishi UFJ Financial Group, Inc.'s (MUFG) trust banking entity, Mitsubishi UFJ Trust and Banking Corporation (MUTB) completed the acquisition of the First State Investments (as it is known outside of Australia) / First Sentier Investors (formerly Colonial First State Global Asset Management). The MUFG group is headquartered in Tokyo and with over 360 years of history, the MUFG group has a global network with over 1,800 locations in more than 50 countries.

### B) Update of the Company's memorandum and articles of association (the "M&A")

On 24 September 2019, the Company held an extraordinary general meeting (the "EGM") of the Company which considered a number of proposed amendments to the Company's M&A. We are pleased to confirm the special resolutions were passed at the EGM and the M&A will be amended and updated on 10 December 2019. These M&A changes will also be reflected in the revised Prospectus to the extent appropriate and/or necessary.

### C) Implications of late payment of subscription monies

The Company currently has the power to provisionally allot Shares of a Class of a Fund to investors prior to receipt of subscription monies for such Shares by the relevant settlement deadline ("**Settlement Deadline**"), which is within four Business Days of the relevant Dealing Day as disclosed in the Prospectus. Following the EGM and the approval of the M&A changes, and with effect from 10 December 2019, the articles of association will provide for an indemnity from applicants for any loss suffered as a result of the applicant's failure to transmit subscription

Registered Office: 70 Sir John Rogerson's Quay, Dublin 2, Ireland

Registered Number: 288284

Directors: Bronwyn Wright, Kevin Molony,  
Adrian Hilderly (British), Christian Turpin (British)

monies in a timely manner along with the ability to charge interest. The following changes will be set out in the revised Prospectus:-

- (a) in the event that the Directors decide not to cancel a provisional allotment of Shares notwithstanding that cleared subscription monies have not been received by the Fund by the Settlement Deadline, the Directors may charge interest (at a rate equal to any overdraft interest incurred by or on behalf of the Fund as a result of cleared funds not being transmitted or such other reasonable rate as the Directors may from time to time determine) on such subscription monies commencing on the Settlement Deadline. The circumstances under which the Directors may decide not to cancel a provisional allotment and consequently charge interest on the relevant subscription monies may include where the amount of the subscription monies is de minimus compared to the administration costs involved in cancelling the provisional allotment; and
- (b) in the event that a provisional allotment of Shares is subsequently cancelled (e.g. where subscription monies have still not been received after the Settlement Deadline), the Directors reserve the right to recover any market losses associated with the investor's failure to transmit cleared funds by the Settlement Deadline and the resulting cancellation.

The Directors believe that these changes will benefit the Funds by encouraging prompt and timely payment of subscription monies by the Settlement Deadline by investors, and therefore discouraging late payments.

The Directors believe that encouraging prompt and timely payment of subscription monies by all investors will be beneficial to Shareholders of the Funds as a whole as it provides for the timely investment of subscription monies in accordance with the investment objective and policy of each Fund. It also provides the Directors with more flexibility to handle late payment of subscription monies whilst costs associated with the provisional allotment of Shares could be minimized by:-

- (a) charging interest on uncleared subscription monies commencing on the Settlement Deadline in order to deter late payment of subscription monies which would result in potential financial costs attributable to the relevant Funds in the form of overdraft interest incurred by the Company and allow the recovery of costs from the relevant investor by charging interest on uncleared subscription monies; and
- (b) allowing the Directors to recover any market losses associated with the investor's failure to transmit cleared funds by the deadline and the subsequent cancellation of the provisional allotment of Shares.

#### **D) Rounding of Net Asset Value**

Currently, the Net Asset Value per Share of a Fund is rounded down to two decimal places. Following the EGM and the approval of the M&A changes, and with effect from 10 December 2019, the Net Asset Value per Share of a Fund will be rounded to the nearest four decimal places. This rounding may be up or down. For example, 12.443349 will be rounded down to 12.4433, whereas 12.443350 will be rounded up to 12.4434.

The Directors believe that rounding the Net Asset Value per Share of a Fund from two to four nearest decimal places will produce a more accurate expression of the value of the Share and hence benefit shareholders of the relevant Fund.

#### **E) Valuation of Funds**

Currently, any securities listed or dealt in on a regulated market ("**listed securities**") are valued on the basis of the last traded price available to the Directors as at 11.00 a.m. (Irish time) (the "**Valuation Point**") on the relevant Dealing Day, or if no last traded price is available, at their middle market price (if bid and offer prices are available) as at the Valuation Point on the relevant Dealing Day. Following the EGM and the approval of the M&A changes, and with effect from 10 December 2019, the abovementioned securities will be valued on the basis of the middle market price (if bid and offer prices are available) as at the Valuation Point, or if there is no middle market price available at such time (i.e. there are no bid and/or offer prices available), at the last traded price available as at the Valuation Point on the relevant Dealing Day.

The Directors believe that using the middle market price (and if there is no bid and/or offer prices available at the Valuation Point, the last traded price), instead of the last traded price as

the default valuation rule for listed securities will produce a more consistent valuation that is more reflective of the value of the relevant listed securities. This is because the last traded price of a listed security in any given day may be closer to the bid price or the offer price depending on the particular trade and hence may fluctuate. Such fluctuation is not necessarily correlated with the value of such listed security. The Directors believe that using the middle market price (i.e. taking the average of the relevant bid and offer prices) may lower the impact of such fluctuation and hence results in a valuation result that is more consistent and more reflective of the value of the relevant listed security. This allows for a more consistent pricing of the listed securities, which in turn allows for a more consistent pricing of the relevant Funds' Shares. Hence, the Directors believe that the change is of benefit to the Funds' Shareholders.

**F) Fair Valuation**

The revised Prospectus will also clarify that if in any case a particular value is not ascertainable, or if the Directors believe that some other method of valuation better reflects the **fair value** of the relevant investment(s) then with the approval of the Depositary the Directors may agree such method of valuation. In addition, the Directors may with the approval of the Depositary adjust the value of any investment(s) or other property of a Fund if, having regard to currency, applicable rate of interest, anticipated rate of dividend, maturity, marketability, liquidity and/or such other considerations as they may deem relevant, they consider that such adjustment is required to reflect the fair value thereof. These are clarifications as the ability to make these determinations is already provided for in the existing M&A.

**G) Fund termination**

Following the EGM and the approval of the M&A changes, and with effect from 10 December 2019, the Directors may terminate any Fund by notice in writing to the Depositary provided that not less than 21 days' notice in writing has been given to the holders of the Shares of the Fund. This change will be reflected in the revised Prospectus.

In practice and subject to the applicable regulatory requirements, the Directors will usually provide 1 months' notice in writing of any proposed termination of a Fund.

**H) Change of name and address of two Sub-Investment Managers**

On 21 October 2019, Colonial First State Asset Management (Australia) Limited changed its company name to First Sentier Investors (Australia) IM Ltd. Colonial First State Managed Infrastructure Limited also changed its company name to First Sentier Investors (Australia) RE Ltd. Both companies have relocated and changed their registered office to the below address on 16 September 2019:

Level 5  
Tower Three International Towers Sydney  
300 Barangaroo Avenue  
Barangaroo NSW 2000  
Australia

Note that the Investment Manager is currently not permitted to appoint First Sentier Investors (Australia) IM Ltd to manage the assets of any of the Funds which are authorised by the Hong Kong Securities and Futures Commission.

**I) Additional Risk Factors Applicable to all Funds**

The following risk factors have been added or identified for all Funds:

- A16. Provisional Allotments;
- A17. Operation of the Umbrella Cash Account; and
- A18. Custody Risk

**J) Increased Exposure to China A Shares**

The following Equity Funds currently may invest up to 50% of the relevant Equity Fund's NAV in China A Shares.

- First State Asian Equity Plus Fund;
- First State Asian Growth Fund;

- First State Asia Focus Fund;
- First State Asia Opportunities Fund;
- First State Asia Pacific All Cap Fund\*;
- First State Global Emerging Markets Focus Fund\*;
- Stewart Investors Asia Pacific Fund\*;
- Stewart Investors Asia Pacific Leaders Fund\*;
- Stewart Investors Asia Pacific Sustainability Fund\*;
- Stewart Investors Global Emerging Markets Leaders Fund;
- Stewart Investors Global Emerging Markets Sustainability Fund\*;
- Stewart Investors Worldwide Equity Fund;
- Stewart Investors Worldwide Leaders Sustainability Fund;
- Stewart Investors Worldwide Select Fund\*;
- Stewart Investors Worldwide Sustainability Fund\*

The following Equity Funds have increased the maximum they may invest directly or indirectly in QFII as a percentage of an Equity Fund's Net Asset Value from 0% to 50%:

- Stewart Investors Asia Pacific Sustainability Fund\*;
- Stewart Investors Global Emerging Markets Sustainability Fund\*;
- Stewart Investors Worldwide Leaders Sustainability Fund; and
- Stewart Investors Worldwide Sustainability Fund\*.

*\*This Fund is not authorised by the SFC and is therefore not available to the public in Hong Kong.*

The following Equity Funds have increased the maximum they may invest directly or indirectly in RQFII as a percentage of an Equity Fund's NAV from 0% to 50%:

- First State Asian Equity Plus Fund
- Stewart Investors Global Emerging Markets Leaders Fund; and
- Stewarts Investors Worldwide Equity Fund.

There is uncertainty on when the QFII/RQFII rules will be revised to implement the abolition of the quota systems recently announced by the regulator in China. The Directors monitor market updates and we will update the disclosures in the Prospectus at the next opportunity after the revised QFII/RQFII rules have been issued.

#### **K) Investing in China using Bond Connect**

The following Bond Funds may invest up to 10% of their Net Asset Value in onshore debt securities in the PRC via Bond Connect:

- First State Asia Strategic Bond Fund;
- First State Asian Quality Bond Fund;
- First State Global Bond Fund; and
- First State Global Credit Income Fund\*.

*\*This Fund is not authorised by the SFC and is therefore not available to the public in Hong Kong.*

Risk Factor Z *Risks associated with Bond Connect* has been disclosed in the Prospectus.

#### **L) First State Asian Growth Fund – Clarification of investment policy**

The investment policy of the First State Asian Growth Fund will be clarified to confirm that the Fund will primarily invest in Asia, excluding Australia, Japan and New Zealand.

#### **M) First State China Focus Fund – Amendment of Definition in Investment Policy**

The definition of “mid-capitalisation companies” in the investment policy of the First State China Focus Fund will be amended such that the minimum investible market cap (free float) will be changed from US\$1.5 billion to US\$1 billion.

#### **N) First State Global Emerging Markets Focus Fund, Stewart Investors Worldwide Select Fund and Stewart Investors Worldwide Sustainability Fund –Clarification of Investment Policy**

The investment policy of the First State Global Emerging Markets Focus Fund, Stewart Investors Worldwide Select Fund and Stewart Investors Worldwide Sustainability Fund will be clarified such that the Fund's exposure to Russian companies will be less than 30% of its NAV.

**O) First State Asia Strategic Bond Fund – Change in Exposure to Leverage**

The category of the First State Asia Strategic Bond Fund based on exposure to leverage will be changed from “low exposure” to “medium exposure”.

**P) Reduction of the Investment Management Fee for First State Global Listed Infrastructure Fund Class III**

With effect from 10 December 2019, the investment management fee for Class III Shares in First State Global Listed Infrastructure Fund has been reduced to 0.75% per annum in order to align with Class VI Shares in the same Fund.

**Q) Subscription and Redemption Collection Account**

The Prospectus is being updated to note that the Company has established a collection account at umbrella level in the name of the Company (the “Umbrella Cash Collection Account”) and that all subscriptions into and redemptions and distributions due from the Funds will be paid into the Umbrella Cash Collection Account. Pending issue of the Shares and / or payment of subscription proceeds to an account in the name of the relevant Fund, and pending payment of redemption proceeds or distributions, monies in the Umbrella Cash Collection Account are assets of the relevant Funds to which they are attributable, and the relevant investor will be an unsecured creditor of the relevant Fund in respect of amounts paid by or due to it. Monies in the Umbrella Cash Collection Account, including subscription monies received in respect of a Fund prior to the relevant deadline, do not qualify for the protections afforded by the Investor Money Regulations.

**R) Letter Agreements**

The Prospectus is being updated to note that the Company or, where empowered to do so, the Investment Manager or its Distributors on behalf of the Company may enter into individual letter agreements with investors which clarify the scope and extent of existing rights and/or obligations and/or agree to make available certain information. Such individual letter agreements will be granted having regard to ensuring, in general terms, that (i) investors are treated fairly and (ii) the best interests of the Company and its investors must be considered in the granting of any such agreements.

**S) Redemption Limits**

The Prospectus currently provides that the Directors may limit the number of Shares of any Fund redeemed on any Dealing Day to 10% of the total number of Shares of that Fund in issue. This will be updated to reflect that the Directors may also limit the number of Shares of any Fund redeemed on any Dealing Day to 10% of the Net Asset Value of that Fund. For the avoidance of doubt, the limit applied to redemption requests on any Dealing Day remains to be 10% of the total number of Shares of that Fund in issue. The Prospectus will also be updated to note that, in either case, Shares not redeemed but which would otherwise have been redeemed will be carried forward for redemption on the next Dealing Day and will be treated as if they were received on each subsequent Dealing Day until all of the Shares to which the original repurchase request related have been repurchased.

**T) Regulatory Changes in Hong Kong**

The Company and certain Funds are authorised by the Securities and Futures Commission in Hong Kong (“SFC”) for retail distribution and hence are subject to the applicable requirements under the Code on Unit Trusts and Mutual Funds (“Code”) issued by the SFC. The Code has been revised.

The following key changes (“UT Code Changes”) will be made to the Prospectus, the Hong Kong Supplement (as defined below) and the KFS (as defined below) of the relevant Funds, to reflect applicable requirements under the revised Code:

- (a) the Hong Kong Supplement and the KFS of the relevant Funds have been amended to include disclosures on the expected maximum net derivative exposure arising from, derivative investments. The net derivative exposure (as defined in the Code and calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time) of each Fund may be up to 50% of the Fund's Net Asset Value;

- (b) the disclosures on transactions with connected persons and soft dollars arrangements will be amended to reflect the requirements under the revised Code; and
- (c) the disclosures on arrangements in handling unclaimed proceeds of Shareholders where a Sub-Fund is terminated will be enhanced to reflect the requirements under the revised Code .

**U) Other Miscellaneous, Clarificatory, Administrative, General Regulatory and Cosmetic Updates to the Prospectus.**

**2) What is the impact?**

In respect of the above changes:

- there is no change to the features and the overall risk profile of the Funds;
- aside from the reduction to the investment management fee of Class III Shares in the First State Global Listed Infrastructure Fund mentioned above, there will be no change to the level of fees or costs in managing the Funds (as borne by the Company or the Shareholders of the relevant Fund); and
- there is no material prejudice to the Shareholders' rights or interests.

After the implementation of the changes set out under C), D) and E), the Funds will be operated in accordance with the changes set out above.

As a result of the change under C), a Shareholder who fails to pay the requisite subscription monies by the Settlement Deadline may bear interest on such subscription monies commencing on the Settlement Deadline. For the avoidance of doubt, there is no material impact on the Funds or existing investors as a result of the change. There is also no impact on the processing or settlement timeline for subscription, switching and redemption in respect of the Funds, nor the manner in which the Funds are being managed following the implementation of this change.

There will also be an impact on how the NAV per Share of a Fund will be expressed due to change in rounding and decimal places used as a result of the change under D) and hence affect the subscription and redemption prices. However, the impact is not material.

In respect of the change under E) above, given that there will be a change of valuation rule for listed securities, the NAV of a Fund attributable to its investments in listed securities may be impacted and consequently the subscription and redemption prices of its Shares may also be impacted. However, the impact on the subscription and redemption prices is not material.

Save for the changes described, there are no other changes which may impact the operation of the Funds or existing investors.

Save as disclosed in this letter, the UT Code Changes described in T) above will not result in any material change to the investment objective and risk profile of each of the relevant Funds. There will be no increase in the fees payable out of the assets of the relevant Funds as a result of the UT Code Changes. The UT Code Changes will also not result in a change in the manner in which the Company and the Funds currently operate or are being managed save as disclosed in this letter.

The costs and expenses in relation to the changes will be borne by the Company. An estimated amount of costs and expenses in respect of the changes to the Funds is USD 70,000.

**3) When will these changes take place?**

**With the exception of items A and H, all of the above changes will take effect on or around 10 December 2019 (the "Effective Date").**

**4) Redemption of Shares**

Investors who do not agree with any of the changes in this notice may redeem their Shares free of charge on any Dealing Day up until the Effective Date in accordance with the normal redemption procedures set out in the Prospectus.

**5) Where can I find more information?**

We will issue an updated Prospectus to reflect the changes described in this letter. Additionally, in Hong Kong, the Supplement for Hong Kong Investors to the Prospectus ("**Hong Kong Supplement**") and the Product Key Facts Statements ("**KFS**") of the Funds will be updated accordingly. An updated M&A will also be available reflecting the changes approved at the EGM.

The updated Prospectus, any impacted local prospectus supplement (including the Hong Kong Supplement and the KFS of the Funds) and the updated M&A will be available on or around the Effective Date and on the following webpage: <http://www.firststateinvestments.com/>. This website has not been reviewed or authorised by the SFC and may contain information of funds not authorised by the SFC and not available to Hong Kong investors.

Additionally, Hong Kong investors may obtain the updated Prospectus, Hong Kong Supplement and KFS of the Funds at the office of the Hong Kong Representative stated below on request free of charge.

If you have any questions about the contents of this letter please contact your investment advisor/consultant or your relationship manager at the Investment Manager or First State Investment's Client Services Team or Investor Services Team as set out below.

**6) How can I contact First State Investments?**

You can contact our Client Services Team if you have any questions in relation to this letter:

- by telephone: from the UK (0800 917 1717) and from abroad (+44 131 525 8872), telephone calls may be recorded for your security;
- by email: info@firststate.co.uk;
- or in writing: Client Services, 23 St Andrew Square, Edinburgh EH2 1BB, United Kingdom.

Hong Kong Shareholders may also contact the Investor Services Team of the Hong Kong Representative at:

- by telephone: +852 2846 7566;
- by email: info@firststate.com.hk;
- or in writing: First State Investments (Hong Kong) Limited,  
25th Floor, One Exchange Square,  
8 Connaught Place, Central, Hong Kong

Yours sincerely,



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Director  
for and on behalf of  
First State Global Umbrella Fund plc