

Embargoed till 4.30pm

NEWS RELEASE

APS LAUNCHES SINGAPORE'S FIRST ZERO EXPENSES UNIT TRUST – THE APS ALPHA FUND

APS Asset Management, a Singapore-based asset management firm, launched Singapore's first zero expenses unit trust today. Known as the APS Alpha Fund, this unit trust is the most innovative initiative ever introduced to the local fund management industry. It is definitely Singapore's first no expenses unit trust and probably the first in the world too.

Unlike conventional fixed-fee-paying unit trusts, investors do not have to pay annual management fees and third party expenses when they invest in the APS Alpha Fund. All expenses such as start-up costs, trustee, administration, valuation, custodian, registration, accounting and audit fees are borne by APS. There are also no complicated hidden charges. Investors will pay performance fees only when APS delivers. The performance fee of 30% a year is applicable when the absolute return hurdle of 6% a year is crossed.

The APS Alpha Fund and its unique attractive features for investors would address a key concern of the investing public in conventional unit trusts, namely, having to pay an annual management fee and other expenses even when the value of their unit trust shares continue to slide downwards. Arising out of this concern of the investing public, APS worked hard in search of a new innovative and refreshing product that would appeal to disillusioned investors. With the APS Alpha Fund, investors only need to pay fees when APS makes a profit of at least 6% a year for investors.

The APS Alpha Fund will invest in the Far East ex-Japan equities, which APS has an impressive track record. The firm was selected the winner of the Global Investor 2003 Award for Investment Excellence in the Asia Pacific Equities category. The award took into account all the best Asian fund managers in the US, Europe, Japan and Asia. APS was selected for its consistency in performance, clarity of investment process and philosophy as well as stability of personnel. In terms of actual performance, APS was ranked 1st position amongst Far East ex Japan equity managers for 1-, 2-, 3- and 5-year time periods according to the Mercer Consulting Survey as at 31 December 2002.

To allay any concern that investors may have on the question of risk, it is noteworthy that almost half of APS' institutional clients pay the firm performance fees. Since its establishment, there is no evidence to suggest that these clients are taking more risks than those clients who pay fixed management fees. Moreover, APS will also invest \$5 million of its own money in the APS Alpha Fund because it firmly believes that there is security in its own collective investment scheme. APS is a long-term investor based on its bottom-up investment approach and the average stock holding period is two and a half years. APS will search for some of the best-managed and profitable companies that are under-valued by the market. APS will continue to develop the firm as one with a strong track

record, a stable team and a sound philosophy and process that is capable of delivering results. As Wong Kok Hoi, the Chief Investment Officer of APS puts it, “High expense ratio unit trusts doggedly chipped away investors’ wealth, more so when the manager fails to deliver. The APS Alpha Fund charges a performance fee only when returns exceed an annualized rate of 6 percent. Expenses are fully borne by the manager. We believe that investors will increasingly demand its manager to perform before they pay fees – tough on managers but fair.”

The APS Alpha Fund is an approved CPF collective investment scheme. Standard Chartered Bank is a key distributor. Investments can also be made through on-line channels such as dollarDex, iFast and fundsupermart. Brokers such as GK Goh, Phillip Securities and UOBKayHian will also distribute the Fund.

APS was established in early 1995. Its growth is spectacular. Within a relatively short period of 8 years, the size of the institutional funds it manages has grown to \$2.0 billion. The funds APS manages include the renowned Frank Russell multi manager programme funds, the AP Fonden Four, the Swedish pension Fund, the Essex County Council from the UK, Merrill Lynch, the GIC, 2 central banks and other prominent pension funds.

If you need a clarification or further information on APS Asset Management, please contact Marc Lanciano or Jay Moghe at the firm’s main office in Singapore (65-6333-8600).