

# First State Global Umbrella Fund plc

Simplified Prospectus

**If you are in any doubt about the contents of this document you should consult a person authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.**

The Directors of the Company, whose names appear on page 5 of the Prospectus dated 14 June 2011 (the "Prospectus"), are the persons responsible for this Supplementary Prospectus. To the best of their knowledge and belief the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

**FIRST STATE GLOBAL UMBRELLA FUND PLC**  
**("the Company")**

*(An umbrella investment company with variable capital and with segregated liability between sub-funds incorporated with limited liability under the laws of Ireland under registration number 288284 and a collective investment scheme recognised in the United Kingdom under section 264 of the Financial Services and Markets Act 2000)*

**SUPPLEMENTARY PROSPECTUS FOR**  
**POTENTIAL INVESTORS IN THE UNITED KINGDOM**

**DATED 14 June 2011**

**This document forms part of and should be read in conjunction with the Prospectus dated 14 June 2011. The content both of this document and of the Prospectus mentioned above has been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by the Company, which as a scheme recognised under section 264 of that Act is an authorised person and as such is regulated by the Financial Services Authority. Nothing in these documents should be construed as advice on the merits of an investment in the Company or otherwise.**

## FACILITIES AND INFORMATION IN THE UNITED KINGDOM

The Company is an umbrella investment company with variable capital and with segregated liability between sub-funds incorporated with limited liability on 18 June 1998 and authorised in Ireland by the Irish Financial Services Regulatory Authority (“Financial Regulator”) and regulated as an undertaking for collective investment in transferable securities within the meaning of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003. The Company is organised in the form of an umbrella scheme. The Articles of Association provide that the Company may offer separate classes of Shares each representing interests in a Fund composed of a distinct portfolio of investments. With the prior approval of the Financial Regulator, the Company may from time to time create an additional Fund or Funds. Although each Fund of the Company will be treated as bearing its own liabilities, the Company as a whole will remain liable to third parties for all of the liabilities of the Company.

The attention of potential investors in the United Kingdom (“UK”) is drawn to the description of risk factors connected with an investment in the Company on pages 24 to 32 of the Prospectus.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000 (“FSMA”) by virtue of section 264 of FSMA. The content of this document and of the Prospectus and the Simplified Prospectus have been approved for the purposes of section 21 of FSMA by the Company, which as the operator of a scheme recognised under section 264 of FSMA is an authorised person, and as such is regulated by the Financial Services Authority (“FSA”). This document, the Prospectus and the Simplified Prospectus mentioned above may accordingly be distributed in the UK. Copies of this document, the Prospectus and the Simplified Prospectus have been delivered to the FSA as required under the Act.

Although the Company is regulated by the FSA in the manner described above, potential investors in the UK are advised that the rules made by the FSA under FSMA do not in general apply to the Company in relation to its investment business. In particular the rules made under FSMA for the protection of private customers (for example, those conferring rights to cancel or withdraw from certain investment agreements) do not apply, and the Financial Services Compensation Scheme will not be available, in connection with an investment in the Company.

The Company is however required under the rules to maintain at an address in the UK certain facilities in the interests of Shareholders in the UK. The Company has entered into a UK Facilities Agreement (which is terminable on three months’ notice by either party to the other) with First State Investments (UK) Limited (‘the Facilities Agent’) dated 23 December, 2002 under which the Facilities Agent was appointed as the UK representative of the Company to maintain the relevant facilities at its registered office, the address of which is 3<sup>rd</sup> Floor, 30 Cannon Street, London EC4M 6YQ (tel.: 020 7332 6500; fax: 020 7332 6502). Here during normal business hours persons in the UK may inspect and obtain copies of the Memorandum and Articles of Association of the Company (as amended), the latest Prospectus, the latest annual and half-yearly reports relating to the Company, and the material contracts listed on pages 8 and 9 of the Prospectus (for obtaining copies of material contracts only a reasonable charge may be levied). Here as well information can be obtained either orally or in writing about the latest Net Asset Value per Share, and Shareholders may apply to redeem their Shares and through this facility obtain payment of the redemption price. Here too any person who has a complaint to make about the operation of the Company can submit it for transmission to the Company.

Particulars of the procedure to be followed in connection with the subscription and purchase and with the redemption and sale of Shares are set out in the Prospectus.

## TAXATION IN THE UNITED KINGDOM

***Prospective investors should inform themselves of, and where appropriate take advice on, the taxes applicable to the acquisition, holding and redemption of Shares by them under the laws of the places of their citizenship, residence and domicile.***

The information set out below is based on existing legislation and HM Revenue & Customs practice which is liable to change. It relates to the position of investors who are resident in the UK for tax purposes and holding Shares as an investment, is given by way of general summary and does not constitute legal or tax advice.

## The Company

The Directors intend to conduct the affairs of the Company so that it does not become resident in the UK for tax purposes. Accordingly, and provided that the Company does not carry on a trade in the UK through a permanent establishment situated therein, the Company, will not be subject to income tax or corporation tax on its income or gains other than on any non-dividend UK source income.

The Directors and the Investment Manager each intend that the respective affairs of the Company and the Investment Manager are conducted so that the Company is not subject to such taxes insofar as this is within their respective control. However, it cannot be guaranteed that the necessary conditions will at all times be satisfied.

## The Shareholders

Subject to their personal circumstances, individual Shareholders resident in the UK for tax purposes will normally be liable to UK income tax in respect of any dividends paid whether or not reinvested in additional Shares. Corporate shareholders are unlikely to be liable to corporation tax on such dividends following the changes to the charge to corporation tax on distributions from 1 July 2009. However, corporate shareholders may be liable to corporation tax on dividends in certain circumstances or on other distributions.

A UK resident individual or eligible non UK resident individual receiving a relevant income distribution made by a non-UK resident company is entitled to a non-refundable tax credit equal to one-ninth of the amount of the grossed up distribution. The non-refundable tax credit is available in respect of distributions from offshore funds unless the offshore fund fails to meet the qualifying investments test at any time in the relevant period. An offshore fund fails to meet the qualifying investments test if the market value of the fund's qualifying investments exceeds 60 per cent. of all of the assets of the fund (excluding cash awaiting investment). Qualifying investments include those assets which are interest bearing assets. Where an offshore fund fails to meet the qualifying investments test the distribution is treated as interest under Chapter 2 of Part 4 of the Income Tax (Trading and Other Income) Act 2005.

From 1 July 2009 there has been a change in the charge to corporation tax on distributions received by companies resident in the United Kingdom for tax purposes. Under the Finance Act 2009 where a dividend or other distribution is received by a company which is resident in the United Kingdom and is a small company, that dividend will be normally be exempt from corporation tax provided the payer is a resident of a qualifying territory. For the purposes of this legislation the Company is a resident of a qualifying territory. Where a dividend or other distribution is received by a company which is resident in the United Kingdom and is not a small company, that dividend will be exempt from corporation tax if the distribution falls into an exempt class. For the purposes of this legislation the exempt classes include distributions from controlled companies, distributions in respect of non-redeemable ordinary shares and distributions in respect of portfolio holdings where the recipient holds less than 10% of the issued share capital of the payer.

The offshore funds legislation in Part 8 of the Taxation (International and Other Provisions) Act 2010 applies in relation to shares in certain funds that are not UK tax resident. It will apply in the case of the Company.

Each Fund/Share Class will be viewed as a separate offshore fund of the Company.

Significant changes to the offshore funds legislation came into effect on 1 December 2009. Under the new offshore funds regime distributing funds status has been replaced with reporting funds status.

- Reporting Funds

A reporting fund will be required to make an upfront application to HM Revenue & Customs and meet certain annual reporting requirements. Such annual requirements include reporting 100% of reportable income on a per Share basis to Shareholders.

Shareholders will be taxed on the reported income whether or not it is distributed. The excess of reported income over the amounts distributed will be deemed to arise to Shareholders on the date when the report is issued.

Investors in a reporting fund will be taxed on gains arising at the time of sale, disposal or redemption as a capital gain and not income where the fund has been a distributing fund or reporting fund for all periods of accounts for which the Shareholder holds an interest in the fund. Relief will be available for any accumulated or reinvested profits which have already been subject to UK income tax or corporation tax as income (including where profits are exempt from UK corporation tax).

It should be noted that a "disposal" for UK taxation purposes also includes a switching between share classes in different sub-funds.

It is the intention of the Directors to seek reporting fund status for all Share Classes previously granted distributing fund status. although there can not be any guarantee that reporting fund status will be granted

If a Share Class has been previously granted distributing fund status no transitional provisions apply on the conversion to a reporting fund and there will be no impact on Shareholders of the transition.

On the assumption that such Share Classes will be distributing funds or reporting funds during the entire holding period of any particular Shareholder resident or ordinarily resident in the UK, any gains arising from the sale, redemption or other disposal of Shares will be charged to tax as capital gains and not as income.

Reporting fund status may also be obtained for Share Classes which have not previously been granted distributing fund status if it is considered that reporting fund status will be beneficial for Shareholders. Where a fund has been a non reporting fund or non distributing fund for part of time during which the Shareholder holds an interest, the whole gain arising from the sale, redemption or other disposal of Shares will be taxed as income unless the Shareholder makes an election for deemed disposal at the date of change of status. If such an election is made any gain arising at the date of deemed disposal will be taxed as income. Any further gain made during the time when the fund has reporting fund status will be taxed as capital.

Once reporting fund status has been granted for a Share Class it should continue to apply on an ongoing basis provided the annual reporting requirements are fulfilled. It is the intention of the Directors to ensure that the annual reporting requirements are met for all Share Classes which have been granted reporting fund status, although it can not be guaranteed that the necessary conditions will be satisfied at all times.

- Non Reporting Funds

It is not the intention of the Directors to seek reporting fund status for all Share Classes and so certain Share Classes will be non reporting funds. Accordingly, gains realised by Shareholders who are tax resident or ordinarily resident in the UK on the sale, redemption or other disposal of Shares in non reporting funds will be taxed as income and not capital gains. Such gains remain taxable notwithstanding any general or specific UK capital gains tax exemption or allowance. A loss however would be an allowable loss for the purposes of capital gains tax.

Changes were introduced by the Finance (No 2) Act 2010 such that disposals of capital assets after 23 June 2010 by individual Shareholders liable to basic rate tax are subject to a flat rate of tax at 18% on any gains net of capital losses in excess of the annual exemption. Individual shareholders subject to higher rate or additional rate tax will be liable to tax at 28% on any gains net of capital losses in excess of the basic rate band. As gains realised on non reporting funds will be taxable as income in the circumstances set out above, this favourable rate of tax will not be available. Moreover for corporate investors, indexation relief will not be available and so this may result in Shareholders incurring a proportionately greater charge to UK taxation.

UK resident companies should note that the controlled foreign companies provisions in the Income and Corporation Taxes Act 1988 may be relevant if at any time the Company is controlled (as defined) by UK residents and it has not met one of the exemptions for the relevant accounting period. The UK Government is currently examining options to reform the controlled foreign company regime. It is expected that final interim changes will be introduced in Spring 2011 with full reform to be completed in Spring 2012.

Chapter II of Part 13 of the Income Tax Act 2007 may render individuals ordinarily resident in the UK liable to income tax in respect of any undistributed income of the Company, though it is expected that these provisions will not normally apply.

Section 13 of the Taxation of Chargeable Gains Act 1992 could be material to any UK person who holds 10% or more of the Shares in the Company if, at the same time, the Company is controlled in such a manner as to render it a "close company" for UK taxation purposes. These provisions could, if applied, result in any gains accruing to the Company being treated as though the relevant proportion had accrued to that UK person directly.

Shareholders who are individuals resident or ordinarily resident but not domiciled in the UK will be liable to tax on income and gains on a remittance basis only. However, individuals who have been UK-resident but non-UK-domiciled or non-UK ordinarily resident for at least seven of the nine tax years immediately preceding the relevant tax year will, in order to retain the benefit of the remittance basis of taxation, be obliged to pay an annual charge of £30,000 on unremitted income and gains. If no claim for the remittance basis to apply is

made by the individual Shareholder, this will result in such individuals becoming subject to UK tax on their worldwide income and gains.

Chapter 3 of Part 6 of the Corporation Tax Act 2009 provides that if more than 60% by value of the assets of a Fund are qualifying investments then any UK corporate investor's shareholding would normally be taxed as a creditor relationship under the loan relationship rules. Qualifying investments are broadly defined as those which yield a return directly or indirectly in the form of interest. Under these rules UK resident corporate investors must bring any increase over their respective accounting periods in the open-market value of their shareholdings calculated in pounds sterling into their corporation tax computations as income each year. Alternatively they may claim relief for any sterling loss. Any difference between the proceeds arising on a disposal and the open-market value at the start of the accounting period in which the disposal is made must be brought into the tax computation for the accounting period in which the disposal is made. It is not expected that the Fund will hold a significant proportion of qualifying investments and therefore these rules should not apply.

### **FEES AND EXPENSES**

Information relating to the fees and expenses payable by investors in each of the Funds is set out in the section of the Prospectus headed "Fees and Expenses". The attention of investors and/or prospective investors is drawn to the information relating to fees and expenses set out therein.

DATED: 14 June 2011

**SIMPLIFIED PROSPECTUS**  
**14 June 2011**

This Simplified Prospectus contains key information about First State Global Umbrella Fund plc (the “Company”) which is an umbrella investment company with variable capital and with segregated liability between sub-funds incorporated with limited liability and established under the laws of Ireland pursuant to the Companies Acts, 1963 to 2009 and incorporated on 18 June 1998, under registration number 288284. The Company is regulated by the Central Bank of Ireland (the “Central Bank”) pursuant to the European Communities (Undertakings in Collective Investment in Transferable Securities) Regulations 2003 as amended and was authorised on 23 June 1998. It currently has a range of twenty seven sub-funds (“Funds”) which are listed below:

Equity Funds

	Date approved by the Central Bank
First State Asia Innovation Fund	20 January 2000
First State Asia Pacific Select Fund	5 May 2004
First State Asian Equity Plus Fund	1 May 2003
First State Asian Growth Fund	13 August 1998
First State Asian Property Securities Fund	27 October 2006
First State Australian Growth Fund	14 June 2011
First State China Focus Fund	13 December 2007
First State China Growth Fund	13 August 1998
First State Global Opportunities Fund	29 July 1999
First State Global Agribusiness Fund	1 September 2008
First State Global Emerging Markets Leaders Fund	5 May 2004
First State Global Emerging Markets Select Fund	22 January 2010
First State Global Listed Infrastructure Fund	13 December 2007
First State Global Property Securities Fund	27 October 2006
First State Global Resources Fund	27 October 2006
First State Greater China Growth Fund	27 August 2002
First State Hong Kong Growth Fund	29 July 1999
First State Indian Subcontinent Fund	13 August 1998
First State Singapore and Malaysia Growth Fund	27 August 2002
First State Worldwide Equity Fund	14 June 2011

Bond Funds

First State Asian Bond Fund	29 July 1999
First State Asian Quality Bond Fund	1 May 2003
First State Global Bond Fund	23 June 1998
First State Global Emerging Markets Debt Fund	5 May 2004
First State High Quality Bond Fund	23 June 1998
First State Hong Kong Dollar Bond Fund	27 March 2000
First State Long Term Bond Fund	27 March 2000

Shares in the First State Global Property Securities Fund are no longer offered for subscription.

Potential investors should read the full Prospectus of the Company dated 14 June 2011 (the “Prospectus”), as may be supplemented from time to time, before making an investment decision. The rights and duties of the investor as well as the legal relationship with the Company are laid down in the Prospectus.

Capitalised terms shall have the same meaning as in the Prospectus.

Investment in Shares in the Company is not permitted by or on behalf of U.S. Persons (as defined in Regulation S under the United States Securities Act of 1933, as amended).

Shares may not be issued other than to a person who represents in writing to the Directors that they (a) are not a U.S. Person and are not purchasing the Shares for the account or benefit of a U.S. Person, (b) agree to notify the Directors promptly if, at any time while they remain a holder of any Shares, they become a U.S. Person or shall hold any Shares for the account or benefit of a U.S. Person, and (c) agree to compensate the Company and the Directors from and against any losses, damages, costs or expenses arising in connection with a breach of the above representation and agreements.

#### **Base Currency**

The base currency for First State Global Umbrella Fund plc is the US Dollar although Funds may be offered in different currencies.

#### **Investment Objective**

The investment objective of the First State Asian Property Securities Fund, the First State Global Listed Infrastructure Fund and the First State Global Property Securities Fund is to achieve a total investment return consistent with income and long term capital growth. The investment objective of each of the other Equities Funds is to achieve long term capital appreciation.

The investment objectives of all of the Bond Funds are as follows:

***First State Asian Bond Fund*** - To achieve long-term returns through investment in a diversified portfolio of fixed income and similar transferable instruments issued primarily by government and corporate entities in Asia.

***First State Asian Quality Bond Fund*** - To achieve long-term returns through investment in a diversified portfolio of investment grade fixed income and similar transferable instruments issued primarily by government and corporate entities in Asia.

***First State Global Bond Fund*** - To provide a total return greater than the Citigroup World Government Bond Index ("WGBI").

***First State Global Emerging Markets Debt Fund*** - To provide a total return greater than the JP Morgan Emerging Markets Bond Index Global Diversified.

***First State High Quality Bond Fund*** - To provide a total return greater than the Lehman Brothers US Government/Corporate Bond Index.

***First State Hong Kong Dollar Bond Fund*** - To achieve long-term returns through investment in a diversified portfolio of fixed income and similar transferable instruments primarily denominated in Hong Kong Dollars.

***First State Long Term Bond Fund*** - To provide a total return greater than the Citigroup US Government Bond Index.

#### **Investment Policy:**

The investment policy of each Fund is set out below.

***First State Asia Innovation Fund*** - The Fund invests primarily in equity and equity-related securities in the Asia region (excluding Australia, New Zealand and Japan), focusing on those companies which the Investment Manager believes are especially innovative in terms of what they produce, or services they provide, and/or the way in which they carry out their business, for example, innovative capital structures, innovative use of technology, and innovative

employee incentivisation schemes, but the Fund shall not specialise in any particular sector.

**First State Asia Pacific Select Fund** - The Fund invests primarily in a diversified portfolio of securities of larger capitalisation companies established or having significant operations in the Asia Pacific region (excluding Japan, including Australasia) and are listed, traded or dealt in on Regulated Markets worldwide.

Larger capitalisation companies are currently defined as companies with a minimum investible market cap (free float) of US\$3 billion at the time of investment. The Investment Manager may review this definition as considered appropriate.

**First State Asian Equity Plus Fund** - The Fund invests primarily in securities in the Asia Pacific region (excluding Japan). Such companies will be selected on the basis of their high dividend yields and their potential for long term capital appreciation.

The Investment Manager will select investments which it believes offer the potential for sustainable above average dividend yields in addition to price appreciation.

**First State Asian Growth Fund** - The Fund invests primarily in securities in the Asian region, excluding Japan.

**First State Asian Property Securities Fund** - The Fund primarily invests in a broad selection of Asian securities issued by real estate investment trusts or companies that own, develop or manage real property and which are listed, traded or dealt in on Regulated Markets in the Asian Region.

**First State Australian Growth Fund** - The Fund invests primarily in a portfolio of securities of companies listed, traded or dealt in on regulated Australian exchanges. The Fund may also invest in the securities of companies which are incorporated in or have a majority of their economic activity in Australia but are listed, traded or dealt in on other Regulated Markets worldwide.

The Fund may invest in any industry.

**First State China Focus Fund** - The Fund invests primarily in a concentrated portfolio of equities of large and mid capitalisation companies established or having significant operations in Mainland China and which are listed, traded or dealt in on Regulated Markets worldwide.

**First State China Growth Fund** - The Fund invests primarily in securities issued by companies with either assets in, or revenues derived from the People's Republic of China that are listed, traded or dealt in on Regulated Markets in China, Hong Kong, Taiwan, the U.S. or in a member state of the OECD.

**First State Global Opportunities Fund** - The Fund invests primarily in the securities of up to 100 worldwide growth companies which, in the opinion of the Investment Manager, demonstrate the potential to benefit from positive change that is sustainable and timely and which experience sustainable earnings growth as a result of that change. The Fund will not emphasise any particular company size but will invest wherever the best opportunities present themselves.

The Fund invests primarily in securities listed, traded or dealt in on any of the Regulated Markets provided no more than 30 per cent of the Fund's net assets will be invested in Emerging Markets.

**First State Global Agribusiness Fund** - The Fund invests primarily in a diversified portfolio of

equity and equity related instruments of issuers in the Agribusiness sector, which are listed, traded or dealt in on Regulated Markets worldwide.

The sector includes but is not limited to companies involved in the production, processing, transporting, trading and marketing of soft commodities, as well as those that supply products and services (including seeds, fertilisers, crop nutrients, agricultural equipment and water) to the agricultural/forestry industry.

Soft commodities include, amongst other things, coarse grains, soya beans, sugar, coffee, cocoa, palm oil, livestock, forestry, pulp and water. The Fund will not invest in physical commodities or derivatives relating to commodities.

***First State Global Emerging Markets Leaders Fund*** - The Fund invests primarily in large and mid capitalisation securities in emerging economies, including those of companies listed on developed market exchanges whose activities predominantly take place in emerging market countries. Such securities will primarily be listed, traded or dealt in on Regulated Markets in EEA, Brazil, Colombia, China, Egypt, Hong Kong, India, Indonesia, Israel, Korea, Malaysia, Mexico, Peru, Philippines, Singapore, South Africa, Sri Lanka, Taiwan, Thailand, Turkey and United States of America.

Large and mid capitalisation equities are currently defined as companies with a minimum market capitalisation of US\$ 1 billion and a minimum free float of US\$ 500 million at the time of investment. The Investment Manager may review this definition as considered appropriate.

***First State Global Emerging Markets Select Fund*** - The Fund invests primarily in a diversified portfolio of securities of larger capitalisation companies established or having significant operations in emerging economies and are listed, traded or dealt in on Regulated Markets worldwide.

Such securities will primarily be listed, traded or dealt in on Regulated Markets in EEA, Brazil, Colombia, China, Egypt, Hong Kong, India, Indonesia, Israel, Korea, Malaysia, Mexico, Peru, Philippines, Singapore, South Africa, Sri Lanka, Taiwan, Thailand, Turkey and United States of America.

Larger capitalisation companies are currently defined as companies with a minimum investible market cap (free float) of US\$3 billion at the time of investment. The Investment Manager may review this definition as considered appropriate.

***First State Global Listed Infrastructure Fund*** - The Fund invests primarily in a diversified portfolio of listed Infrastructure and Infrastructure-related securities of issuers listed, traded or dealt in on Regulated Markets worldwide. The Infrastructure sector includes, but is not limited to, utilities (e.g. water and electricity), highways and railways, airports services, marine ports and services, and oil and gas storage and transportation.

***First State Global Property Securities Fund*** - The Fund primarily invests in a broad selection of securities issued by real estate investment trusts or companies that own, develop or manage real property from around the world (including initially the EEA, Russia, Switzerland, United States, and the Asian Region) and which are listed, traded or dealt in on Regulated Markets worldwide.

***First State Global Resources Fund*** - The Fund primarily invests in the equities of issuers engaged in the discovery, development, extraction, processing or distribution of natural resources (including without limitation minerals, water, metals and timber) and energy sectors (including

without limitation oil, coal, gas, nuclear energy and renewable energy), or issuers of securities that provide services to the natural resources and energy sectors and which are listed, traded or dealt in on Regulated Markets worldwide.

**First State Greater China Growth Fund** - The Fund invests primarily in securities issued by companies with either assets in, or revenues derived from, the People's Republic of China, Hong Kong, and Taiwan and which are listed, traded or dealt in on Regulated Markets in the People's Republic of China, Hong Kong, Taiwan, the U.S., Singapore, Korea, Thailand and Malaysia or in a member state of the OECD.

The Fund may also invest in government and corporate debt securities such as, but not limited to, convertible and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds or certificates of deposit each rated investment grade or, if unrated, of comparable quality as determined by the Investment Manager.

**First State Hong Kong Growth Fund** - The Fund invests primarily in securities listed on the Stock Exchange of Hong Kong Limited or securities issued by such companies which in the Investment Manager's opinion have significant assets, business, production activities, trading or other business interests in Hong Kong and traded on Regulated Markets.

**First State Indian Subcontinent Fund** - The Fund will comprise a diversified portfolio of companies of the Indian subcontinent. Countries of the Indian subcontinent include India, Pakistan, Sri Lanka and Bangladesh. The Fund concentrates on securities that are listed, traded or dealt in on Regulated Markets in the Indian subcontinent and offshore instruments issued by companies established or operating or have significant interests in the Indian subcontinent and listed on other Regulated Markets.

**First State Singapore And Malaysia Growth Fund** - The Fund invests primarily in securities issued by companies that are listed, traded or dealt in on Regulated Markets in Singapore or Malaysia or companies that are listed, traded or dealt in on another Regulated Market but that are incorporated in, have substantial assets in, or derive significant revenues from operations in Singapore or Malaysia.

The Fund may from time to time also invest in companies that are listed, traded or dealt in on Regulated Markets in the Asia-Pacific region other than Singapore and Malaysia which, in the opinion of the Investment Manager, offer potential for diversification and capital growth, subject to a maximum of 20 per cent of the Fund's net assets in aggregate being invested in such countries. In its investment decisions the Investment Manager does not emphasise any particular company size but instead considers investments which in its opinion offer the potential for capital appreciation.

**First State Worldwide Equity Fund** - The Fund will seek to invest in a diverse portfolio of equity securities which are listed, traded or dealt in any of the Regulated Markets worldwide. The Fund is not managed to a benchmark and may have exposure to developed or Emerging Markets whilst maintaining its geographical diversity.

The Fund may invest in any industry.

**First State Asian Bond Fund** - The Fund invests primarily in debt securities of issuers organised, headquartered or having their primary business operations in Asia. The Fund may also invest in treasury bonds of the United States Government.

The Fund may invest in investment grade debt securities (rated as Baa3 or above by Moody's

Investor Services, Inc. or BBB- or above by Standard & Poor's Corporation or other recognised rating agencies) and below investment grade debt and convertible securities, or, if unrated, of comparable quality as determined by the Investment Manager.

**First State Asian Quality Bond Fund** - The Fund invests primarily in debt securities of issuers organised, headquartered or having their primary business operations in Asia. The Fund will invest in investment grade debt and convertible securities (rated as Baa3 or above by Moody's Investor Services Inc or BBB- or above by Standard & Poor's Corporation or other recognised rating agencies) or, if unrated, of comparable quality as determined by the Investment Manager.

**First State Global Bond Fund** - The Fund invests primarily in debt securities of issuers from countries organised, headquartered or having their primary business operations in the WGBI, although in the event of unusual market conditions, investments in countries not included in the WGBI may be included and may constitute up to 50 per cent of the net assets of the Fund.

No more than 10 per cent of the Fund's net assets will be invested in any country outside of the United States, the European Union, Switzerland, Australia, Canada, New Zealand, Japan or Norway and no more than 30 per cent in aggregate will be invested outside these countries. The Fund will hold securities of issuers from at least three countries.

The Fund will normally invest at least 70 per cent of its net assets in investment grade debt securities (rated as Baa3 or above by Moody's Investor Services, Inc or BBB- or above by Standard & Poor's Corporation, or other recognised rating agencies), or, if unrated, of comparable quality as determined by the Investment Manager. The Fund is not constrained as to the maximum maturity of its portfolio securities.

**First State Global Emerging Markets Debt Fund** - The Fund invests primarily in debt securities of issuers organised, headquartered or having their primary business operations in the countries included in the JP Morgan Emerging Markets Bond Index Global Diversified of medium and long-term maturity, although in the event of unusual market conditions, up to 50 per cent of the net assets of the Fund may be invested in countries not included in the JP Morgan Emerging Markets Bond Index Global Diversified.

The Fund may invest up to 25 per cent of its net asset value in securities issued by issuers that are organised, headquartered or having their primary business operations in Russia. Investors' attention is drawn to the specific risks of investing in Russian securities details of which are set out under 'Investment in Russia' on page 12 of this document.

The Fund may invest in investment grade (rated as Baa3 or above by Moody's Investor Services, Inc, or BBB- or above by Standard & Poor's corporation or other recognised rating agencies) and below investment grade debt securities, or, if unrated, of comparable quality as determined by the Investment Manager. The Fund may invest up to 100 per cent of its net assets in debt securities rated below investment grade.

**First State High Quality Bond Fund** - The Fund will invest primarily in debt securities of issuers organised, headquartered or having their primary business operations in the countries included in the Lehman Brothers US Government/Corporate Bond Index. No more than 10 per cent of the Fund's net assets will be invested in any one country outside the United States, the European Union, Switzerland, Australia, Canada, New Zealand, Japan or Norway and no more than 30 per cent in aggregate will be invested outside these countries. The Investment Manager intends to ensure that at least 70 per cent of the Fund's net assets will be exposed to United States Dollars.

The Fund will normally invest 80 per cent of its net assets in high quality investment grade debt securities (rated as A3 or above by Moody's Investor Services, Inc or A- or above by Standard & Poor's Corporation or other recognised rating agencies) or, if unrated, of comparable quality as determined by the Investment Manager. The average portfolio duration of the Fund ranges from two to eight years.

**First State Hong Kong Dollar Bond Fund** - The Fund will invest at least 80 per cent of its net assets in debt securities denominated in either Hong Kong dollars or United States Dollars, or at least 80 per cent of the Fund's net assets will be exposed to both currencies through currency hedging transactions such as forward contracts for purposes of hedging against currency exchange risks.

The Fund will invest in investment grade corporate and government debt securities (rated Baa3 or above by Moody's Investor Services, Inc or BBB- or above by Standard & Poor's Corporation or other recognised rating agencies) or, if unrated, of comparable quality as determined by the Investment Manager.

**First State Long Term Bond Fund** - The Fund will invest at least 95 per cent of its net assets in the United States or in United States Dollar denominated debt securities.

The Fund will invest in investment grade corporate and government debt securities (rated A3 or above by Moody's Investor Services, Inc or A- or above by Standard and Poor's Corporation, or other recognised ratings agencies) or, if unrated, of comparable quality as determined by the Investment Manager.

The Fund will hold securities from at least 6 different issues. The maximum investment in any non government issuer rated Aa2 or above by Moody's Investor Services Inc, or AA or above by Standard and Poor's Corporation will be 10 per cent of the net assets of the Fund. The maximum investment in any issuer rated below Aa2, but A3 or above by Moody's Investor Services Inc or below AA but A- or above by Standard and Poor's Corporation will be 5 per cent of the Fund's net assets. The Fund will not hold more than 10 per cent of the total issue of any non governmental security.

The Bond Funds and the Equity Funds may employ a portion of their assets in futures contracts, options, forward currency transactions, contracts for difference, and credit derivatives (which include credit default swaps) for the purposes of efficient portfolio management and to hedge against exchange rate risk under the conditions and limitations as laid down by the Central Bank.

**Risk Profile:** An investment in a Fund comes with a significant degree of risk. Some of these risks are general, which means that they apply to all investments. Others are specific, which means that they apply to individual Funds. Before you decide to invest, it is important to understand these risks. If you are unsure or do not fully understand the risks involved, we recommend that you contact a financial adviser about the suitability of an investment in any Fund.

While it's not possible to identify every risk relevant to investing in a Fund, we have detailed below the significant risks that may affect your investment. The list does not purport to be exhaustive. These risks should be carefully considered by investors.

All of the Funds are actively managed and therefore the returns seen by you may be higher or lower than their benchmark return.

**A. The following risks are general risks and are applicable to all the Funds.**

**A1. Investment Risks**

The investments in securities of each Fund are subject to normal market fluctuations and other risks inherent in investing in securities. For example, the value of equity securities varies from day to day in response to activities of individual companies and general market and economic conditions. The value of investments and the income from them, and therefore the net asset value of Shares can go down as well as up and an investor may lose money. Changes in exchange rates between currencies or the conversion from one currency to another may also cause the value of the investments to diminish or increase. **As investors may be required to pay a sales charge upon a subscription for Shares, an investment in a Fund should be considered as a medium to long-term investment.**

**A2. Market Risk**

In falling financial markets there may be increased volatility. Market prices in such circumstances may defy rational analysis or expectation for prolonged periods of time, and can be influenced by large market movements as a result of short-term factors, counter-speculative measures or other reasons. Market volatility of a large enough magnitude can sometimes weaken what is deemed to be a sound fundamental basis for investing in a particular market or stock. Investment expectations may therefore fail to be realised in such instances.

**A3. Liquidity Risk**

In certain circumstances, a Fund may not be able to purchase or sell assets in a timely manner and/or at a reasonable price, as not all securities invested in by a Fund will be listed or rated and consequently liquidity may be low. Furthermore, shares or units in certain underlying investments may trade less frequently and in smaller quantities than others. If this is the case, sufficient cash may not be available to pay out redemptions and you may not be able to get your money back when you want it.

**A4. Currency Risk**

Investments of a Fund may be denominated in various currencies and performance of a Fund may be strongly influenced by movements in exchange rates as currency positions held by a Fund may not correspond with securities positions held. As a result, the Investment Manager may utilise financial derivative instruments to seek to hedge against fluctuations in the relative values of the portfolio positions. Such investments require consideration of certain risks which include, among other things, trade balances and imbalances and related economic policies, unfavourable currency exchange rate fluctuations, impositions of exchange control regulation by governments, withholding taxes, limitations on the removal of Funds or other assets, policies of governments with respect to possible nationalisation of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability.

The Company may use currency hedging techniques to remove a Fund's currency exposure against its base currency but this may not be possible or practicable in all cases.

**A5. Specialist Investment Risk**

Many of our Funds are specialist in nature and invest in specific sectors, industries, markets or regions. Investment in these specialised areas may result in greater risk than investment in a broader range of sectors, industries markets or regions. Please see the full Prospectus for more

information on the Fund specific risks.

#### **A6. Inflation Risk**

Inflation can adversely affect the value of your Investment.

#### **A7. Credit Risk**

Investment in debt or other securities, including financial derivative instruments, may be subject to the credit risk of their issuers. In times of financial instability there may be increased uncertainty around the creditworthiness of issuers of these securities. Market conditions may mean that there are increased instances of default amongst issuers. If the issuer of any of the debt securities in which the assets of a Fund are invested defaults or suffers insolvency or other financial difficulties, the value of such Fund will be adversely affected.

#### **A8. Taxation Risk**

Potential investors' attention is drawn to the taxation risks associated with an investment in the Company. Please see the section headed "Taxation" on pages 36 to 43.

#### **A9. Risk of Change of Laws, Regulations, Political and Economic Conditions**

Changes in the applicable laws, regulations, political and economic conditions may affect substantially and adversely the business and prospects of a Fund. In addition, possible changes to the laws and regulations governing permissible activities of the Fund and the Investment Manager and any of their respective affiliates or delegates could restrict or prevent a Fund or the Investment Manager from continuing to pursue the Fund's investment objectives or to operate the Fund in the manner currently contemplated.

#### **A10. Risk of Suspension**

The calculation of the net asset value of a Fund may be temporarily suspended in accordance with the procedures set out in the section of the Prospectus headed "Suspension of Calculation of net asset value". In such an event, the Fund may be unable to dispose of its investments. The delay in the disposal of a Fund's investments may adversely affect both the value of the investments being disposed of, and the value and liquidity of the Fund.

#### **A11. Derivatives Risk**

The term "derivative" traditionally applies to certain contracts that "derive" their value from changes in the value of the underlying securities, currencies, commodities or index. Investors refer to certain types of securities that incorporate performance characteristics of these contracts as derivatives. When used for hedging purposes there may be an imperfect correlation between the financial derivative instruments and the investments or market sectors being hedged. Derivatives are sophisticated instruments that typically involve a small investment of cash relative to the magnitude of risks assumed. These include swap agreements, options, futures, and convertible securities. The Funds seek to use derivative contracts and securities to reduce a Fund's volatility and increase its overall performance. While the price reaction of certain derivatives to market changes may differ from traditional investments such as stocks and bonds, derivatives do not necessarily present greater market risks than traditional investments. Derivatives are subject to credit risks related to the counterpart's ability to perform, and any deterioration in the counterpart's creditworthiness could adversely affect the instrument.

The Funds are also subject to the risk of the failure of any of the exchanges on which derivatives are traded or of their clearing houses.

Derivatives traded over-the-counter may not be standardised and thus may involve negotiations on each contract on an individual basis. This may result in over-the-counter contracts being less liquid than exchange traded derivatives. Over-the-counter markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets, and there is no clearing corporation which guarantees the payment of required amounts. This exposes the Funds to risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the relevant Fund to suffer a loss.

Also, there are legal risks involved in using derivatives which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

#### **A12. Umbrella structure of the Company and Cross-Liability Risk**

Each Fund will be responsible for paying its own fees and expenses regardless of the level of its profitability. The Company is an umbrella fund with segregated liability between Funds and under Irish law the Company generally will not be liable as a whole to third parties and there generally will not be the potential for cross liability between the Funds. Notwithstanding the foregoing, there can be no assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Funds would necessarily be upheld.

**The following risks are specific to certain Funds, and may not be relevant to all Funds. Please refer to the Prospectus for information about which specific risks are applicable to certain Funds.**

#### **B. Emerging Markets Risks**

Certain Funds may invest more than 20 per cent of their net asset value in the securities of issuers located in Emerging Markets and these are listed in Appendix 1 of the Prospectus.

Where a Fund invests in securities of issuers located in countries with emerging securities markets, risks additional to the normal risks inherent in investing in conventional securities may be encountered. The investments may be considered to be speculative in nature as they involve a greater than normal degree of risk and their market values may be expected to be of above average volatility.

These risks include:-

*Currency depreciation.* A Fund’s assets may be invested in securities which are denominated in currencies other than those of developed countries and any income received by the Fund from those investments will be received in those currencies. Historically, many developing countries’ currencies have experienced significant depreciation against the currencies of developed countries. The currencies of some developing countries may continue to fall in value against currencies of developed countries. As the Company computes the net asset value of its Funds and makes distributions in U.S. dollars, there is a currency exchange risk which may affect the value of the Shares.

*Country risk.* The value of a Fund’s assets may be affected by uncertainties within each individual

emerging market country in which it invests such as changes in government policies, nationalisation of industry, taxation, the underdeveloped and often untested legal system, currency repatriation restrictions and other developments in the law, practice or regulations of the countries in which the Fund may invest and, in particular, by changes in legislation relating to the level of foreign ownership in companies in some emerging countries.

*Social, Political and Economic Factors.* The economies of many of the emerging countries where the Funds may invest may be subject to a substantially greater degree of social, political and economic instability than certain developed countries. Such instability may result from, among other things, the following: authoritarian governments, popular unrest associated with demands for improved political, economic and social conditions, internal insurgencies and terrorist activities, hostile relations with neighbouring countries and drugs trafficking. This instability might impair the financial conditions of issuers or disrupt the financial markets in which the Funds invest.

*Stock market practices.* Many Emerging Markets are undergoing a period of rapid growth and are less regulated than many of the world's leading stock markets. In addition market practices in relation to settlement of securities transactions and custody of assets in Emerging Markets can provide increased risk to a Fund and may involve delays in obtaining accurate information on the value of securities (which may affect the calculation of the net asset value as a result) and the risk that the investments may not be accurately registered. These stock markets, in general, are less liquid than those of the world's leading stock markets. Purchases and sales of investments may take longer than would otherwise be expected on developed stock markets and transactions may need to be conducted at unfavourable prices. Some Emerging Markets require that moneys for settlement be received by a local broker significantly in advance of settlement and that assets are not transferred until some time after settlement. This exposes a Fund to additional counterparty risk arising from the activities of the broker during these periods. Liquidity may also be less and volatility of prices higher than in leading markets because of a high degree of concentration of market capitalisation and trading volumes in a small number of companies. In some Emerging Markets evidence of legal title to securities is maintained in "book-entry" form and the role of the local registrar is critical to the registration and custody process. Such registrars may not be subject to effective governmental or regulatory supervision and it may be difficult to successfully claim against them.

*Information quality.* Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some companies in Emerging Markets in which a Fund may invest may differ from those applicable in developed countries because less information is available to investors and such information may be out of date or carry a lower level of assurance.

*Custody.* Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances a Fund may not be able to recover some of its assets. Such circumstances may include the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud or improper registration of title. The costs borne by the Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

*Registration.* In some emerging market countries evidence of legal title to shares is maintained in "book-entry" form. In order to be recognised as the registered owner of the shares of a company, a purchaser or purchasers' representative must physically travel to a registrar and open an account (which, in certain cases, requires the payment of an account opening fee).

Thereafter, each time that the purchaser purchases additional shares of the company, the purchasers' representative must present to the registrar powers of attorney from the purchaser and the seller of such shares, along with evidence of such purchase, at which time the registrar will debit such purchased shares from the seller's account maintained on the register and credit such purchased shares to the purchaser's account to be maintained on the register.

The role of the registrar in such custodial and registration processes is crucial. Registrars may not be subject to effective government supervision and it is possible for a Fund to lose its registration through fraud, negligence or mere oversight on the part of the registrar. Furthermore, while companies in certain emerging market countries may be required to maintain independent registrars that meet certain statutory criteria, in practice, there can be no guarantee that this regulation has been strictly enforced. Because of this possible lack of independence, management of companies in such emerging market countries can potentially exert significant influence over the share holding in such companies. If the company register were to be destroyed or mutilated, the Fund's holding of the relevant shares of the company could be substantially impaired, or in certain cases, deleted. Registrars often do not maintain insurance against such occurrences, nor are they likely to have assets sufficient to compensate the Fund. While the registrar and the company may be legally obliged to remedy such loss, there is no guarantee that either of them would do so, nor is there any guarantee that the Fund would be able to successfully bring a claim against them as a result of such loss. Furthermore, the registrar or the relevant company could wilfully refuse to recognise the Fund as the registered holder of shares previously purchased by the Fund due to the destruction of the company's register.

*Investment in Russia.* Investment in Russia presents unique risks in relation to the settlement and safekeeping of securities. Because physical securities do not exist, book-entries into the issuer's register of shareholders represent the only evidence of ownership of securities. Each issuer appoints its own registrar which has resulted in a broad geographic distribution of several thousand registrars across Russia. Although the Russian Federal Commission for Securities introduced regulations governing registrar activities, enforcing these regulations may prove difficult and the establishment of widely accepted industry standards remains in the developmental stage. This means there is potential for risk of error and there are no assurances that any given registrar will comply with the applicable regulations. Because the Custodian does not maintain physical possession of Russian securities, it is not considered to be performing a physical safekeeping or custody function in the traditional sense. The registrars are neither agents of, nor responsible to, the Custodian. In the event of losses the Company will have to pursue its rights directly against the issuer and/or its appointed registrar.

In addition to the above risks, investors' attention is drawn to the fact that while the objective of all the Funds is medium to long-term capital growth, those Funds that invest in fast-growing economies or limited or specialist sectors may be expected to experience above-average volatility and the net asset value of those Funds will be affected accordingly. Investors should regard investment in such Funds as long-term in nature, although the possibility of a change in an investor's personal circumstances is recognised by permitting redemptions on each Dealing Day. Investment in the securities of smaller companies can involve greater risk than is customarily associated with investment in large, more established companies. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a limited number of key individuals.

### **C. Indian Subcontinent Risk**

Investing to a large extent in companies incorporated in or listed on regulated markets in India

and the other countries of the Indian subcontinent carry specific risks.

India's political, social and economic stability is due to its developing status. Certain developments, beyond the control of a Fund could adversely affect the Fund's investments.

Being a rural economy, severe monsoons or drought conditions could impact India's agricultural production and decrease momentum in some sectors of the Indian economy, which could adversely affect a Fund's investments.

The Indian stock exchanges may be more volatile than the stock markets of more developed countries.

#### **D. China Market Risk**

The value of a Fund's assets may be affected by uncertainties such as political developments, changes in government policies, taxation, currency repatriation restrictions and restrictions on foreign investment in China. Accounting, auditing and reporting standards in China may not provide the same degree of investor protection or information to investors as would generally apply in more established securities markets. Furthermore, the legislative framework in China for the purchase and sale of investments and in relation to beneficial interests in those investments is relatively new and untested.

Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations.

Under the prevailing tax policy in China, there are certain tax incentives available to foreign investment. There can be no assurance, however, that these tax incentives will not be abolished in the future.

Many of the People's Republic of China ("PRC") economic reforms are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on investment in listed securities such as China A Shares.

The choice of China A Share issues currently available to the Investment Manager may be limited as compared with the choice of shares available in other markets. There may also be a lower level of liquidity in the China A Share markets, which are relatively smaller in terms of both combined total market value and the number of China A Shares which are available for investment as compared with other markets. This could potentially lead to severe price volatility.

The national regulatory and legal frameworks for capital markets and joint stock companies in the PRC are still developing when compared with those of developed countries. Currently, joint stock companies with listed China A Shares are undergoing split-share structure reform to convert state owned shares or legal person shares into transferable shares with the intention to increase liquidity of China A Shares. However, the effects of such reform on the A-Shares market remain to be seen.

Also, the PRC government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by a Fund.

In light of the above mentioned factors, the price of China A Shares may fall significantly in certain circumstances.

The tax laws, regulations and practice in the PRC are constantly changing, and they may be changed with retrospective effect.

A Fund may also invest in China A Shares by investing in: open-ended collective investment schemes that have obtained access to China A Shares through a Qualified Foreign Institutional Investor (“QFII”); or in equity linked or participation notes.

#### **E. Real Estate Funds Risks**

The ability to trade REITS in the secondary market can be more limited than other stocks. The liquidity of REITS on the major stock exchanges is on average less than the typical stock quoted on a particular index on an exchange. This may also be the case in jurisdictions other than the U.S.

The prices of equity REITs are affected by changes in the value of underlying property owned by the REITs and changes in capital markets and interest rates. The prices of mortgage REITs are affected by the quality of any credit they extend, the creditworthiness of the mortgages they hold, as well as by the value of the property that secures the mortgages.

While the Fund will not invest in real property directly, the Fund may be subject to risks similar to those associated with the direct ownership of real property (in addition to securities market risks) because of its policy of concentrating its investments in the real estate industry. These risks include declines in the value of real property, risks related to general and local economic conditions, dependency on management skill, heavy cash flow dependency, adverse changes in the operations of any property or the financial condition of any tenant, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increased competition, increases in property taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, limitations on rents, changes in neighbourhood values and in appeal of properties to tenants and changes in interest rates.

In addition to these risks, equity REITs may be affected by changes in the value of the underlying property owned by the trusts, while mortgage REITs may be affected by the quality of any credit they extend. Further, equity REITs and mortgage REITs are dependent upon management skills and generally may not be diversified. Equity REITs and mortgage REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. There is also the risk that borrowers under mortgages held by REITs or lessees of a property that REITs may own may be unable to meet their obligations to the REITs. In the event of a default by a borrower or lessee, the REITs may experience delays in enforcing its rights as a mortgage or lessor and may incur substantial costs associated with protecting its investments.

#### **F. Industry or Sector Risk**

Where a Fund invests primarily in fast growing economies or limited or specialist sectors, it may be subject to greater risk and above average market volatility than an investment in a broader range of securities covering different economic sectors. Technology and technology-related industries may be subject to greater government regulation than many other industries. Accordingly, changes in governmental policies and the need for regulatory approvals may have

an adverse effect on these industries. Additionally, companies in those industries will be subject to the inherent risks of developing technologies, competitive pressures and other factors particularly affecting the technology sector and are dependent upon consumer and business acceptance as new technologies evolve.

Where a Fund invests in specialist sectors such as the agricultural sector, it may also be subject to greater risk from changing supply and demand relationships, adverse weather, natural disasters, livestock diseases, governmental policies and trade regimes, as well as international economic and political developments. As a result, the value of such Fund may be subject to adverse and sudden changes.

#### **G. Single Country Risk**

Where a Fund invests primarily in a single country, it may be subject to greater risk and above average market volatility than an investment in a broader range of securities covering multiple countries.

#### **H. Single Sector Risk**

Investing in a single sector offers the potential of higher returns but may involve a higher degree of risk than a more diversified portfolio.

#### **I. Smaller Companies Risk**

Investing in smaller companies may be less liquid than the securities of larger companies. Securities in smaller companies may provide the potential for higher returns, but also involve additional risks.

The securities of smaller companies may be more volatile than the securities of larger companies.

#### **J. Listed Infrastructure**

Investments in new infrastructure projects during the construction phase carry certain risks. For example, there may be a residual risk that projects will not be completed within budget, within the agreed timeframe or to the agreed specifications; that the operations of infrastructure projects might be exposed to unplanned interruptions caused by natural disasters or terrorist attacks; or that operational and/or supply disruption, could adversely impact the cash flows available from infrastructure assets.

National and local environmental laws and regulations may also affect the operations of infrastructure projects. Standards set and regulations imposed regarding certain aspects of health and environmental quality, impose penalties and other liabilities for the violation of such standards, and may establish obligations to rehabilitate facilities and locations where operations are, or were conducted, which may have an impact on the financial performance of infrastructure projects.

#### **K. Investment in Agriculture and Related Opportunities**

Investing in the agricultural and related sectors on a global basis is subject to additional risks associated with the agricultural business. A Fund's investments will be exposed to global and local environmental, economic, legislative and regulatory factors affecting agricultural industries and property values which may adversely affect the value of these investments. A Fund may be

indirectly exposed to a concentration of investments in a small number of territories or geographical regions.

#### **L. Reliability of Credit Ratings**

The ratings of fixed-income securities by institutions such as Moody's and Standard & Poor's are a generally accepted barometer of credit risk. They are, however, subject to certain limitations from an investor's standpoint. The rating of an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is frequently a lag between the time the rating is assigned and the time it is updated. In addition, there may be varying degrees of difference in the credit risk of securities within each rating category. In the event of a downgrade in the credit ratings of a security or an issuer issuing a security, the value of a Fund investing in such security may be adversely affected.

#### **M. Interest Rate Risk**

Where a Fund invests primarily in fixed income securities, the value of the Fund's investments fluctuates in response to movements in interest rates. If rates go up, the value of debt securities fall; if rates go down, the value of debt securities rise. Bonds with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. Periods of high interest rates and recession may adversely affect the issuer's ability to pay interest and principal, and to obtain additional business.

#### **N. High Yield Risk**

To the extent that the Fund invests in lower-rated debt securities, these securities, while usually offering higher yields, generally have more risk and volatility than high-rated securities, because of reduced credit worthiness, liquidity and greater chance of default.

#### **O. Investment in Equity Linked Notes**

Equity linked notes are subject to the terms and conditions imposed by their issuers. These terms may lead to delays in implementing the Investment Manager's investment strategy due to the restrictions they may place on the issuer acquiring or disposing of the securities underlying the equity linked notes, or on the implementation of redemptions and payment of redemption proceeds to a Fund. Investment in equity linked notes can be illiquid as there is no active market in equity linked notes. In order to meet realisation requests, a Fund relies upon the counterparty issuing the equity linked notes to quote a price to unwind any part of the equity linked notes. This price will reflect the market liquidity conditions and the size of the transaction.

Investment through equity linked notes may lead to a dilution of performance of the Fund when compared to a Fund investing directly in similar assets. In addition, when a Fund intends to invest in a particular security through equity linked notes, there is no guarantee that subsequent application monies for Shares in a Fund can be immediately invested in a particular security through equity linked notes. This may impact the performance of the Fund.

As a Fund will invest in equity linked notes, performance of the Fund may be adversely affected if the issuer of the equity linked notes defaults due to a credit or liquidity problem.

An investment in an equity linked note entitles the holder to certain cash payments calculated by reference to the shares to which the equity linked note is linked. It is not an investment directly in the shares themselves. An investment in the equity linked note does not entitle the holder to the beneficial interest in the shares nor to make any claim against the institution

issuing the shares.

A Fund may invest in the China A Share market through the equity linked notes issued by institutions which have obtained the QFII status in China. Certain restrictions imposed by the Chinese government on QFIIs may have an adverse effect on the Fund's liquidity and performance. QFIIs are subject to restrictions on the maximum stake which can be held in any one listed company. Transaction sizes for QFIIs are large and there are lock-up restrictions on repatriation of capital invested by a QFII in China. These restrictions will impact on the terms of any equity linked notes acquired by the Fund. In order to reduce such impact, the Fund will generally invest in equity linked notes that are realisable on each Dealing Day under normal market conditions, subject to the credit risk of the counterparty.

Valuation of the equity linked notes will be the probable realisation value which shall be performed in accordance with the terms of the Articles of Association and therefore may be obtained from the issuer (in accordance with the terms of the equity linked notes), or independent third parties. Investors should note that different issuers of equity linked notes may have different terms for the equity linked notes and may have varying valuation principles. Generally, valuation will be based on, among other factors, the closing price of the relevant China A Shares underlying the equity linked notes. If the equity linked notes are not denominated in RMB, the value of the equity linked notes may also be subject to the foreign exchange conversion between RMB and the currency in which the equity linked notes are denominated. Valuation of the equity linked notes may also involve the imposition of any bid and offer spread or any other charges by the issuer. Valuation uncertainties such as foreign exchange conversion risk, bid and offer spread and other charges could have an adverse effect on the net asset value of a Fund.

As the assets and liabilities of a Fund may be denominated in currencies different from the base currency of the Fund, the Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the base currency and other currencies.

**P. Investments in unlisted collective investment schemes**

An Equity Fund may invest up to 5 per cent of its net assets in collective investment schemes which are not UCITS as part of the investment which an Equity Fund may make in unlisted securities. These schemes may be unregulated and as a consequence may have different characteristics to a UCITS such as, for example, in relation to their investment policies, investment restrictions, diversification requirements, liquidity, borrowing and leverage. A collective investment scheme in which an Equity Fund may invest may have less frequent dealing days than the Equity Fund and this could impair the Equity Fund's ability to distribute redemption proceeds to a Shareholder who wishes the Company to redeem its Shares because of the Equity Fund's inability to realise its investments. In circumstances where the underlying scheme has less frequent dealing days than the Equity Fund and where requests for the redemption of Shares exceed 10 per cent of the Equity Fund's net asset value on a Dealing Day, it may be necessary for the Company to impose a restriction on the redemption of its Shares in excess of that specified amount because the Equity Fund is unable to realise its investments in the underlying scheme or other investments to meet the redemption requests on that Dealing Day. This may mean that a Shareholder's redemption request is not met on that Dealing Day but will then be dealt with on the next and/or subsequent Dealing Days. This limitation will apply pro rata so that all Shareholders wishing to redeem Shares will realise the same proportion. In addition, the underlying scheme may itself impose a restriction on the redemption of its shares in circumstances where the redemption requests it receives exceed a certain threshold or percentage of its shares in issue on a particular dealing day. The imposition of such a restriction

by the underlying scheme will also affect the Equity Fund's ability to realise its investment in that scheme in a timely manner.

**Q. Charges against capital**

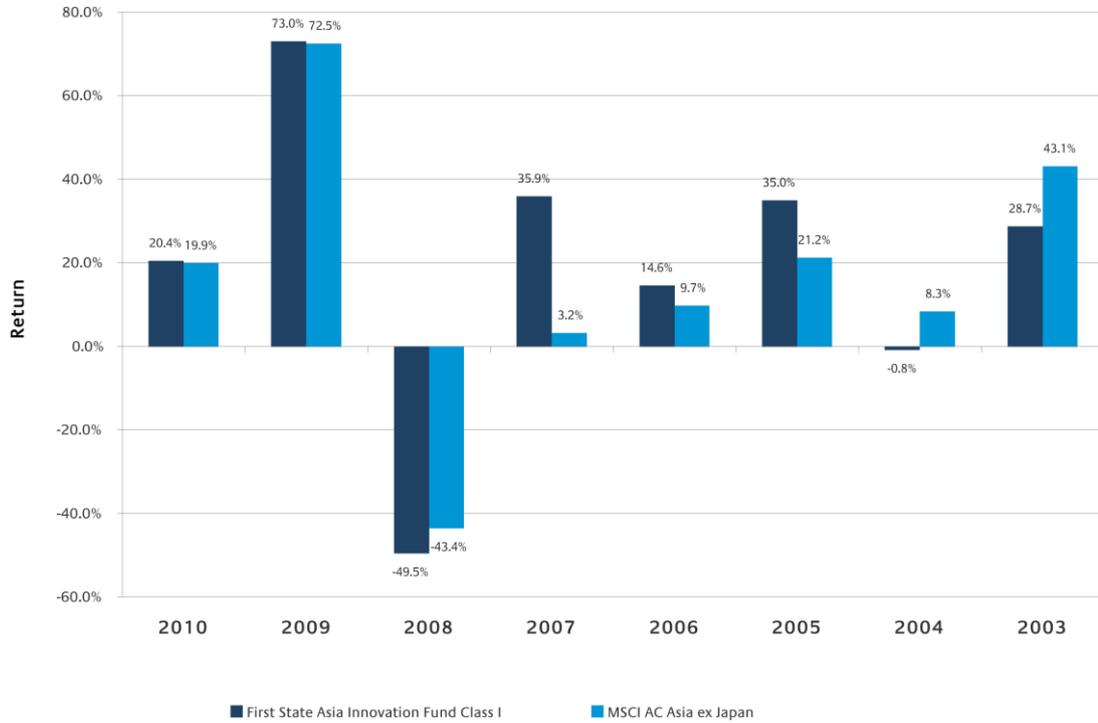
Fees and expenses are charged against the capital of certain Funds. Deducting expenses from capital reduces the potential for capital growth and on any redemption Shareholders may not receive back the full amount invested.

**Performance Data:** PLEASE NOTE THAT PAST PERFORMANCE IS NOT NECESSARILY A GUIDE TO THE FUTURE PERFORMANCE OF THE COMPANY. THE DATA IS EXCLUSIVE OF SUBSCRIPTION FEES AND NET OF TAXES AND CHARGES.

All performance data is sourced from First State Investments (Hong Kong) Ltd. and calculated on a net asset value to net asset value basis and does not include subscription or redemption charges (if applicable).

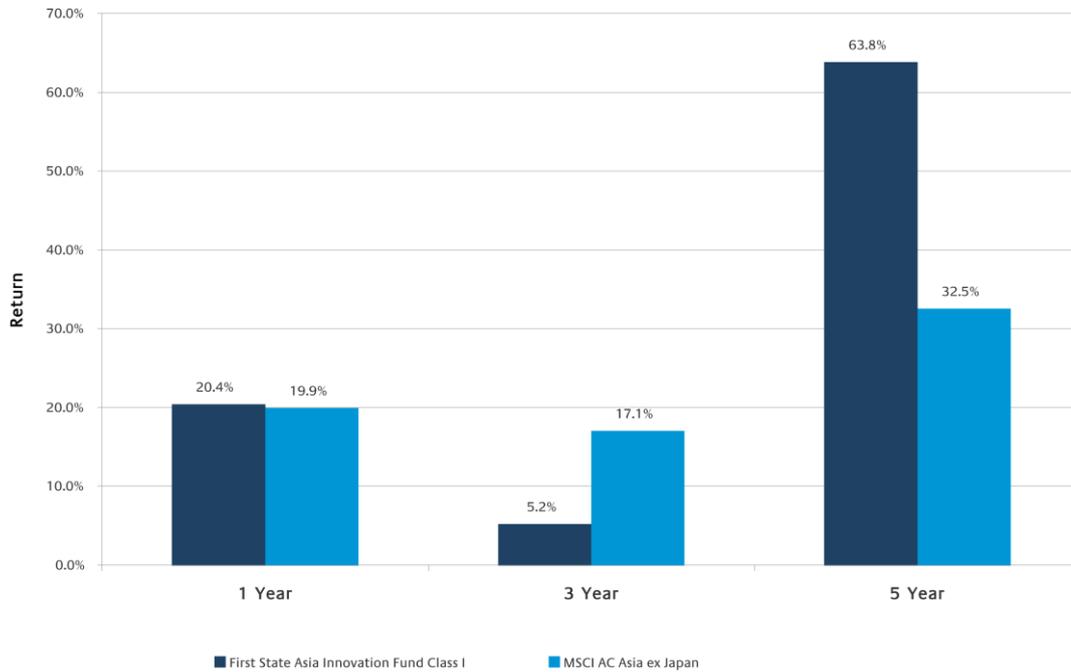
**First State Asia Innovation Fund - Total Annual Return 2003 – December 2010**

Annual Return (Percentage Growth)



**First State Asia Innovation Fund - Total Cumulative Return 2003 – December 2010**

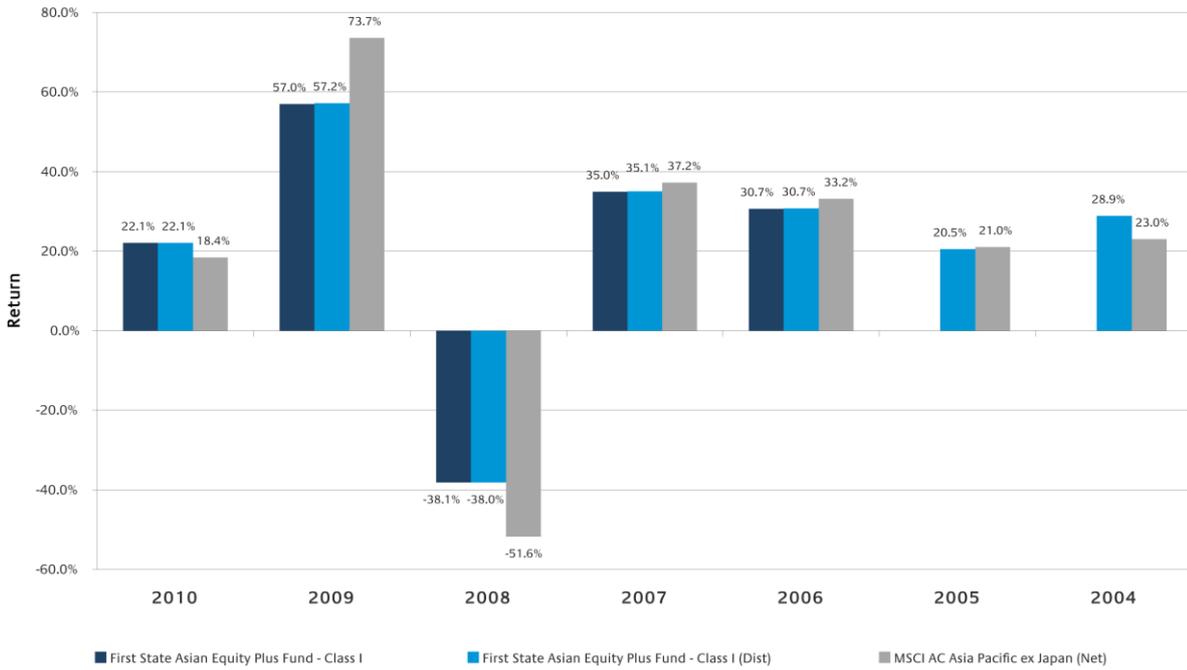
Cumulative Return (Percentage Growth)



Launch date: Class I – 18 October 2002

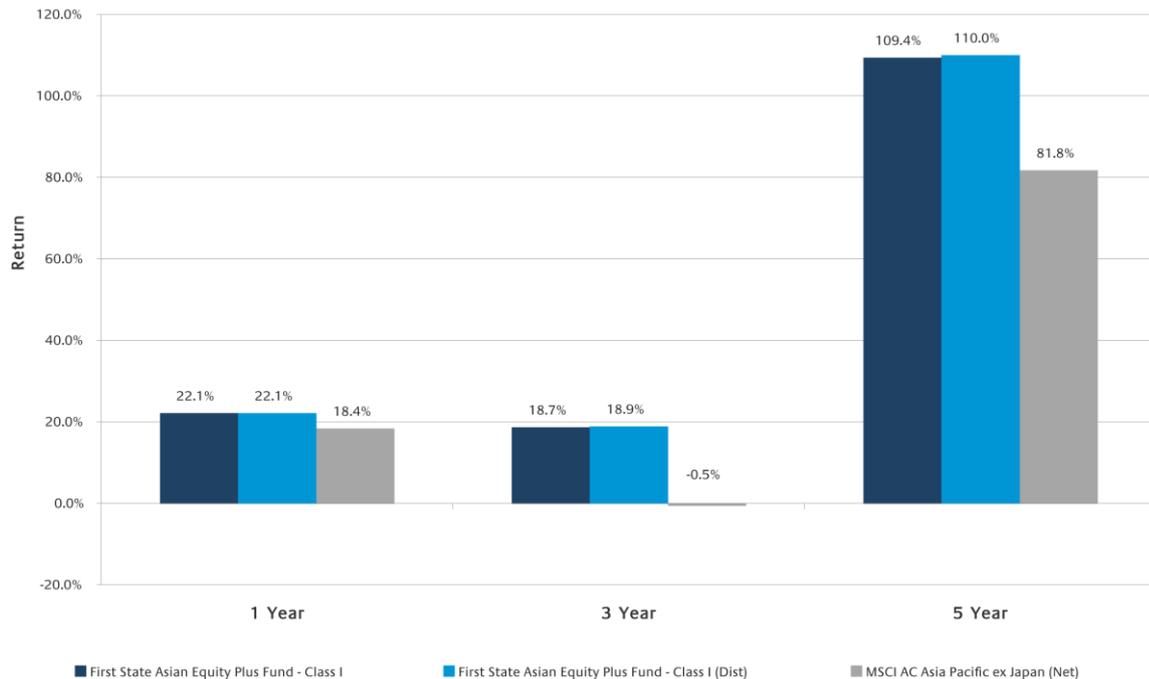
### First State Asian Equity Plus Fund - Total Annual Return 2004 - December 2010

Annual Return (Percentage Growth)



### First State Asian Equity Plus Fund - Total Cumulative Return 2004 - December 2010

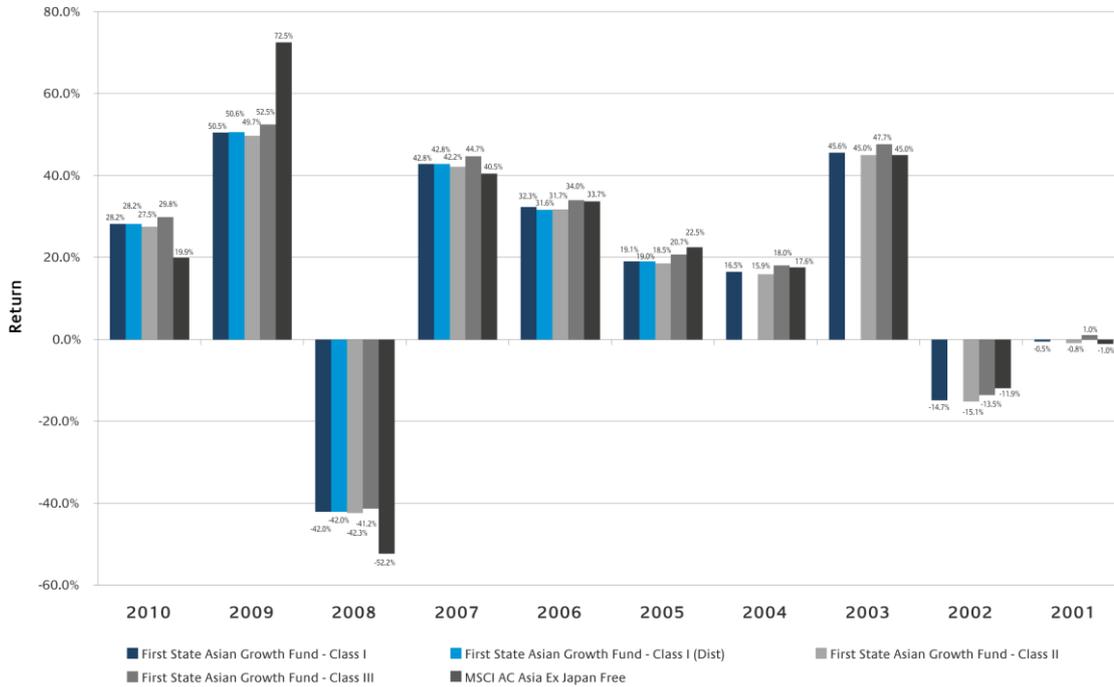
Cumulative Return (Percentage Growth)



Launch date: Class I – 25 February 2005  
 Class I (Distributing) – 14 July 2003

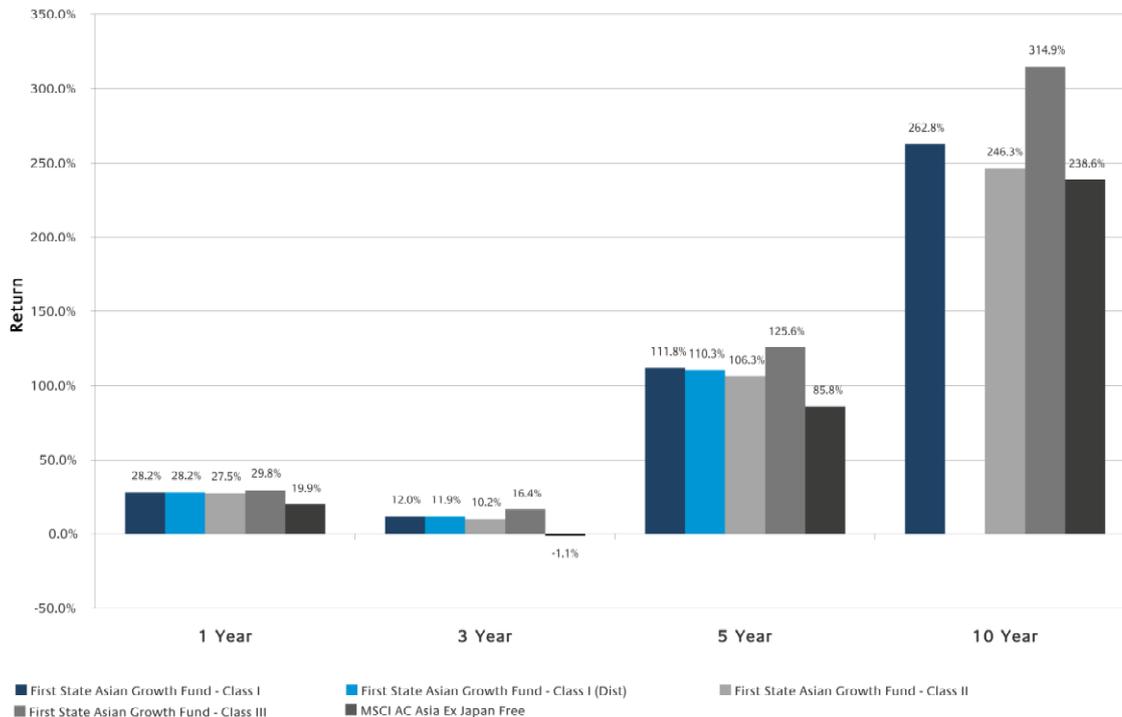
**First State Asian Growth Fund - Total Annual Return 1999 - December 2010**

Annual Return (Percentage Growth)



**First State Asian Growth Fund - Total Cumulative Return 1999 - December 2010**

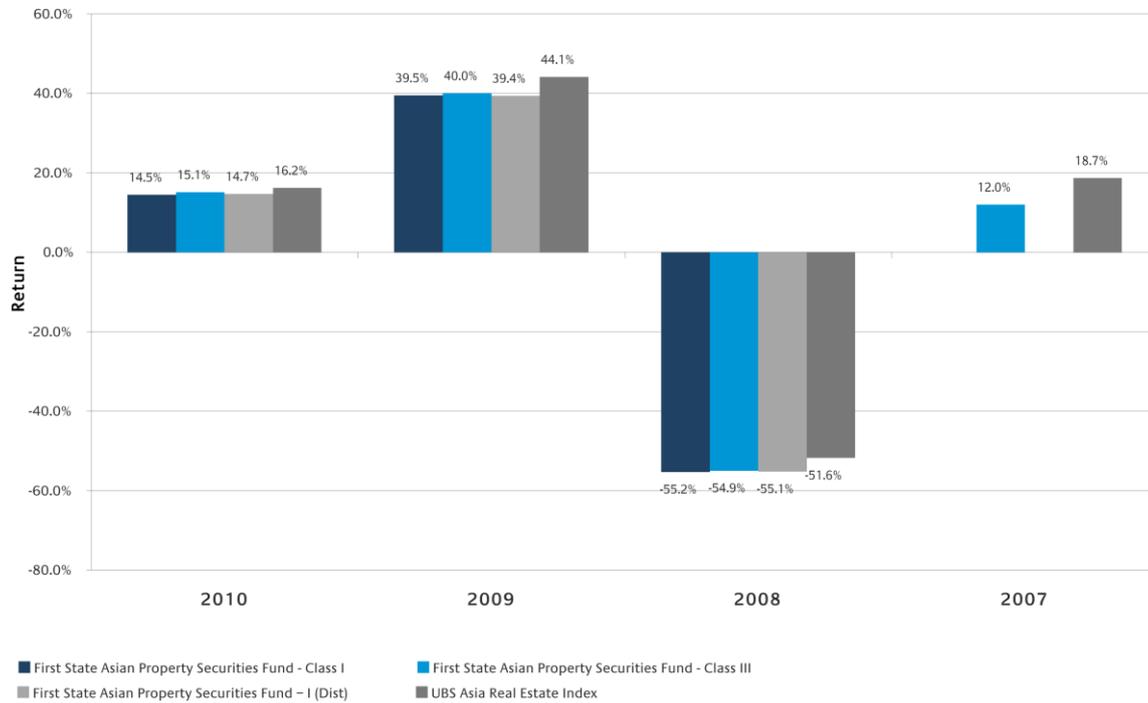
Cumulative Return (Percentage Growth)



**Launch date:**  
 Class I – 5 August 1999  
 Class I (Distributing) – 20 September 2004  
 Class II – 14 September 1998  
 Class III – 3 August 1999

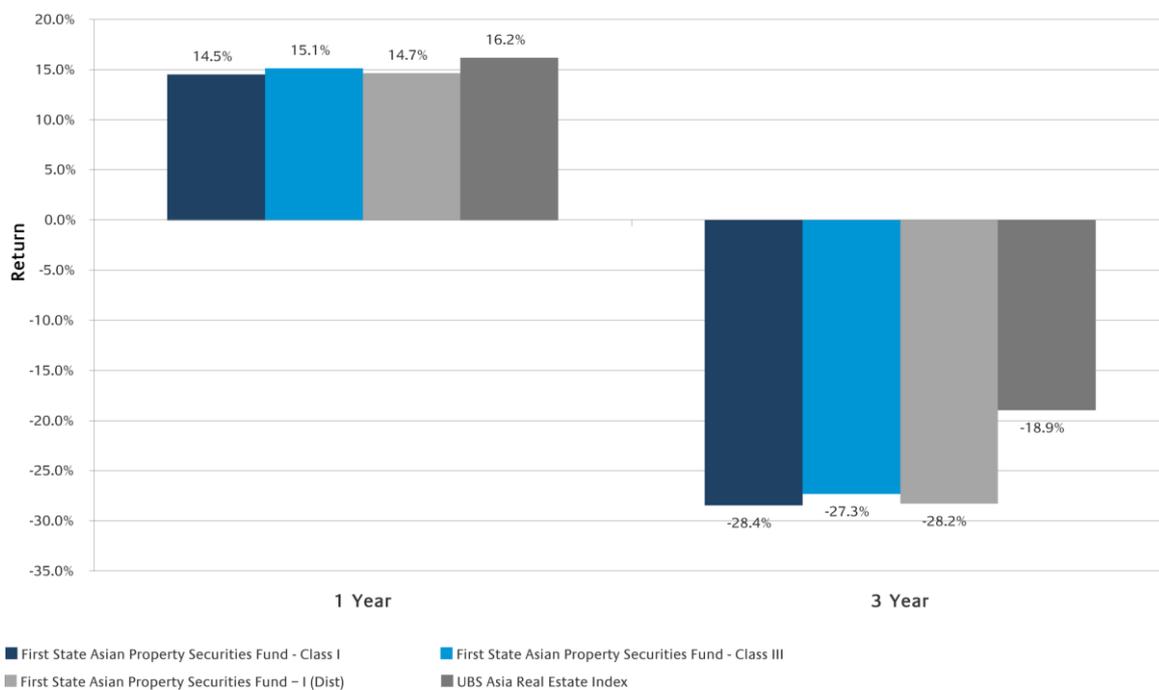
### First State Asian Property Securities Fund - Total Return 2007 - December 2010

Annual Return (Percentage Growth)



### First State Asian Property Securities Fund - Total Cumulative Return 2007 - December 2010

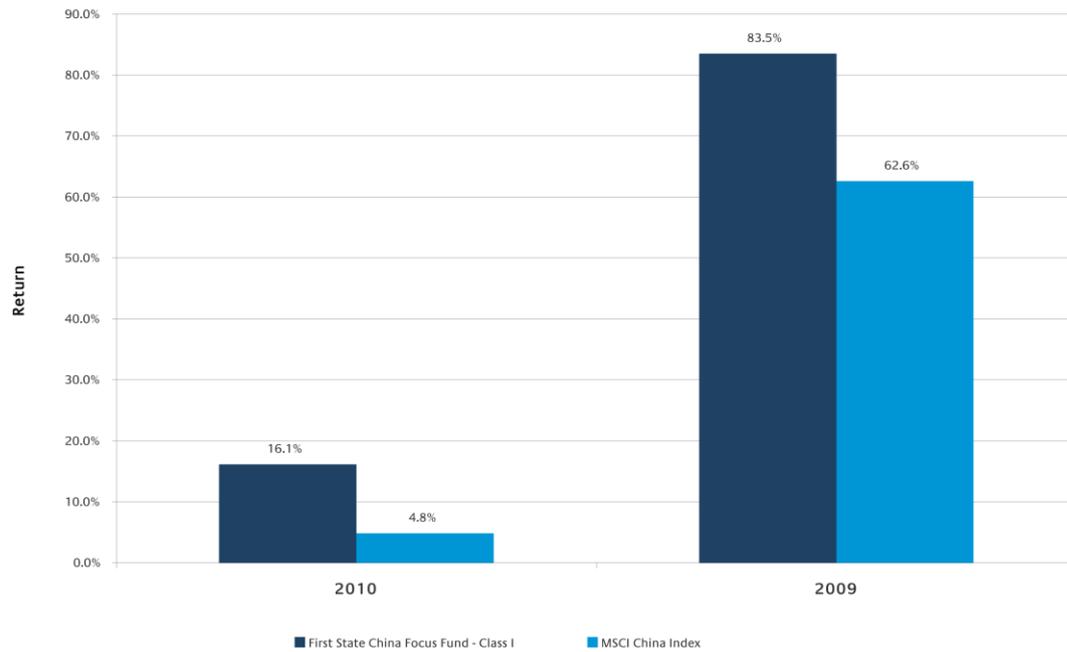
Cumulative Return (Percentage Growth)



**Launch date:**  
**Class I – 25 April 2007**  
**Class I (Distributing) – 3 July 2007**  
**Class III – 7 November 2006**

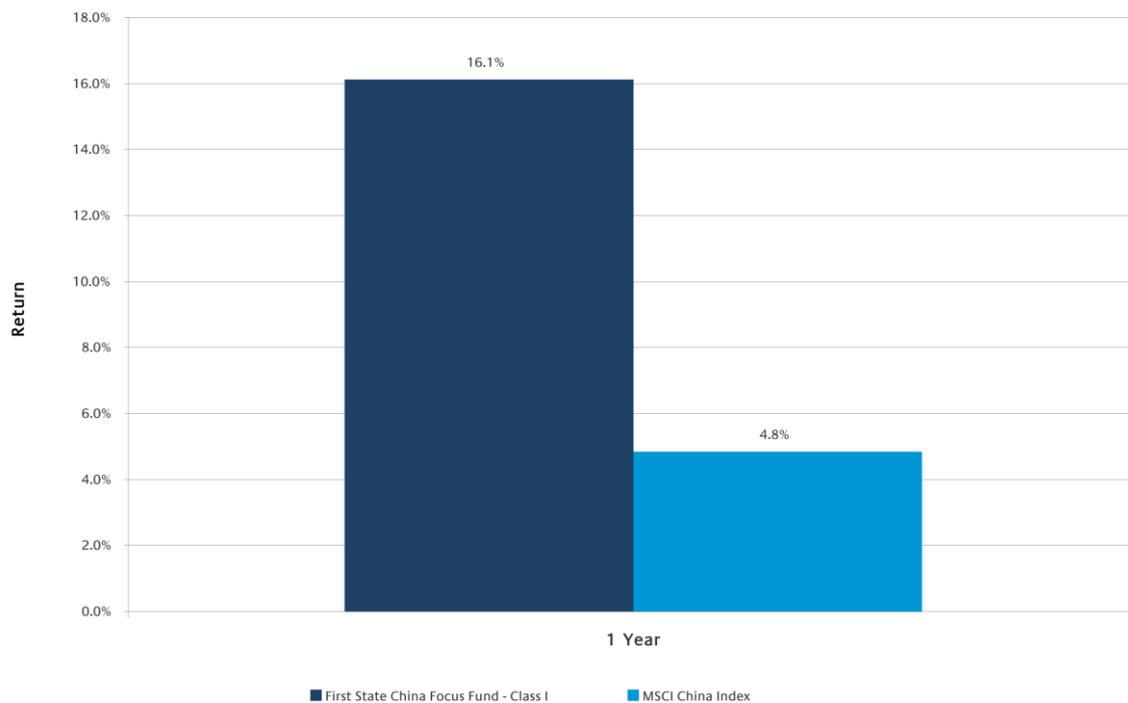
**First State China Focus Fund – Total Annual Return 2009 to December 2010**

Annual Return (Percentage Growth)



**First State China Focus Fund – Total Cumulative Return 2009 – December 2010**

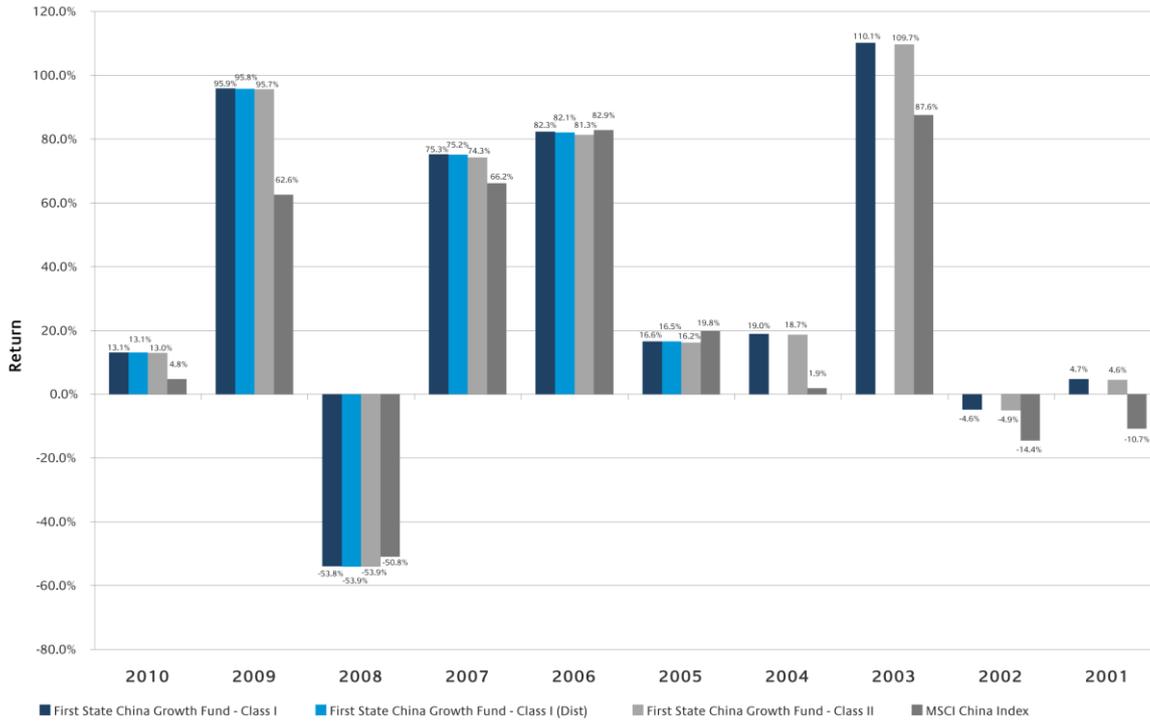
Cumulative Return (Percentage Growth)



Launch date: Class I – 30 January 2008

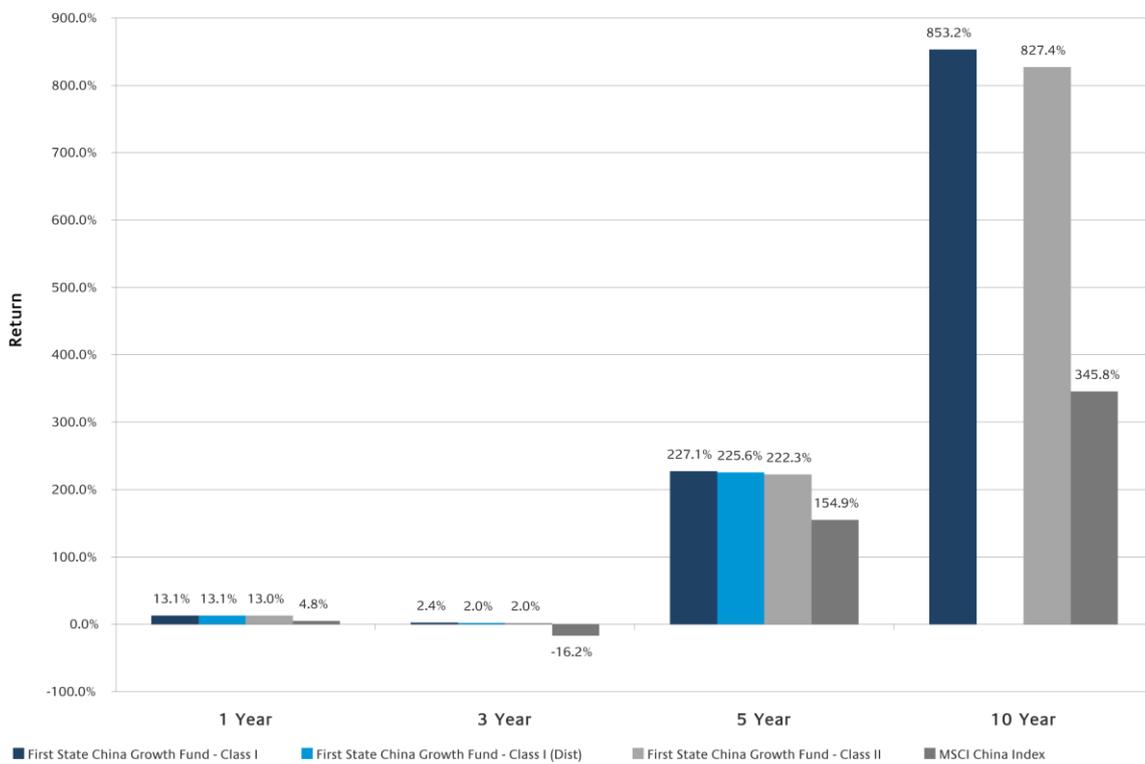
## First State China Growth Fund – Total Annual Return 1999 – December 2010

Annual Return (Percentage Growth)



## First State China Growth Fund – Total Cumulative Return 1999 – December 2010

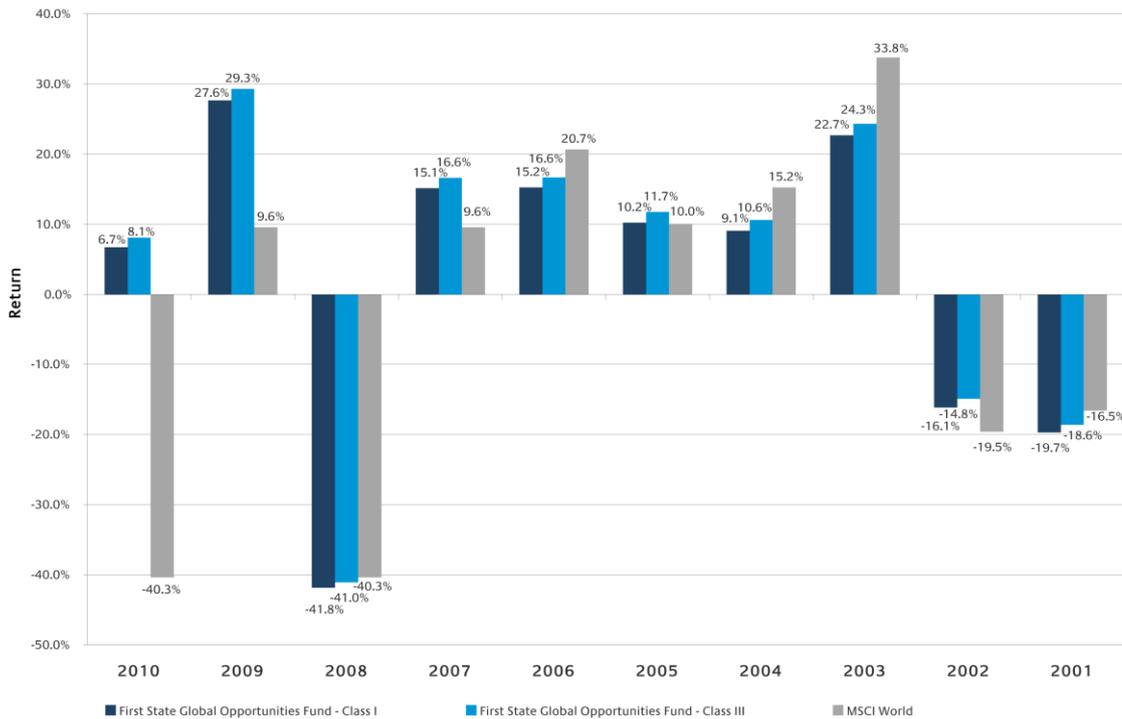
Cumulative Return (Percentage Growth)



Launch date: **Class I – 17 August 1999**  
**Class I (Distributing) – 20 September 2004**  
**Class II – 14 September 1998**

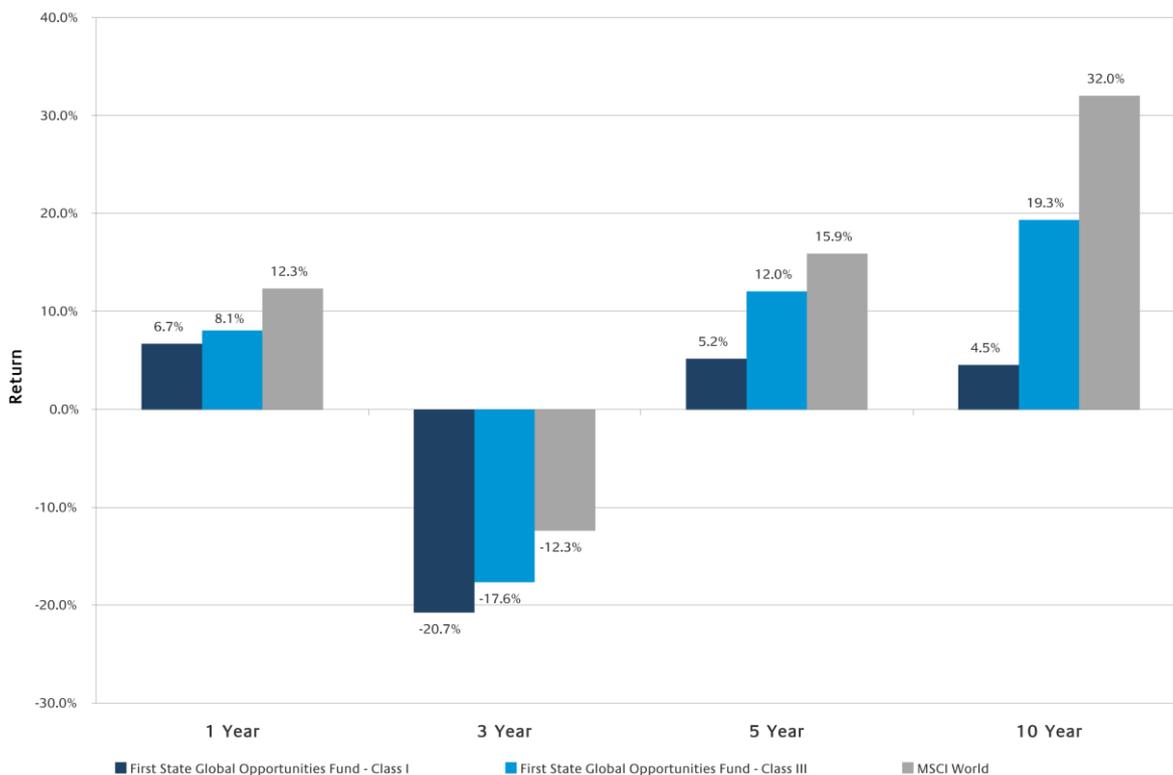
### First State Global Opportunities Fund – Total Annual Return 2000 – December 2010

Annual Return (Percentage Growth)



### First State Global Opportunities Fund – Total Cumulative Return 2000 – December 2010

Cumulative Return (Percentage Growth)

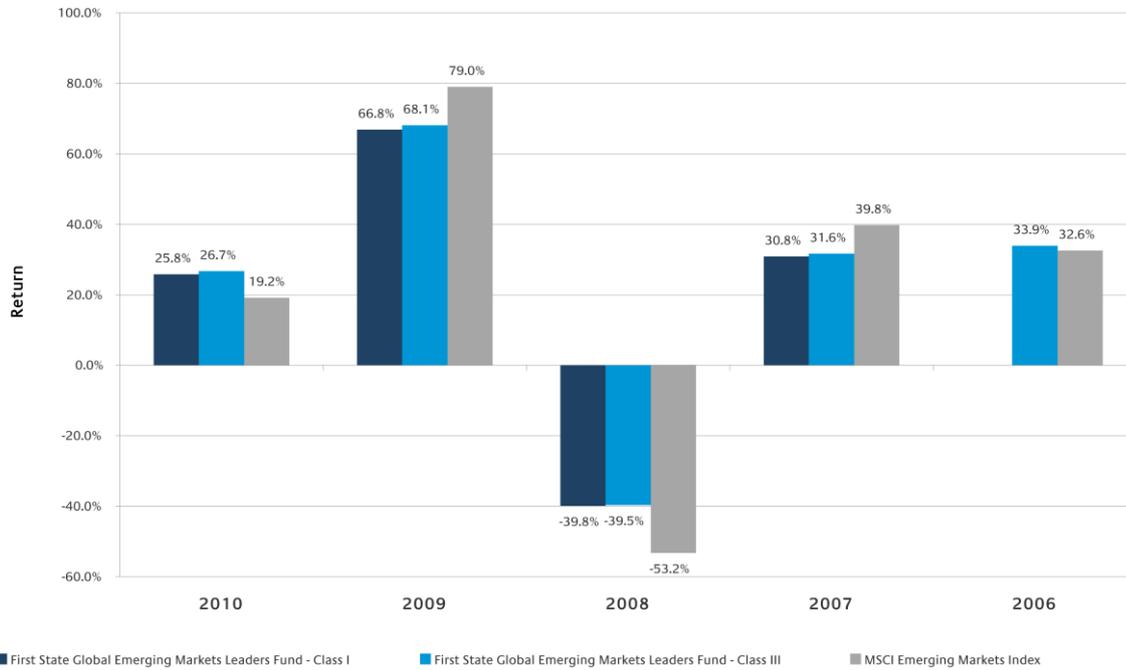


Launch date: Class I – 11 February 2000

Class III – 3 August 1999

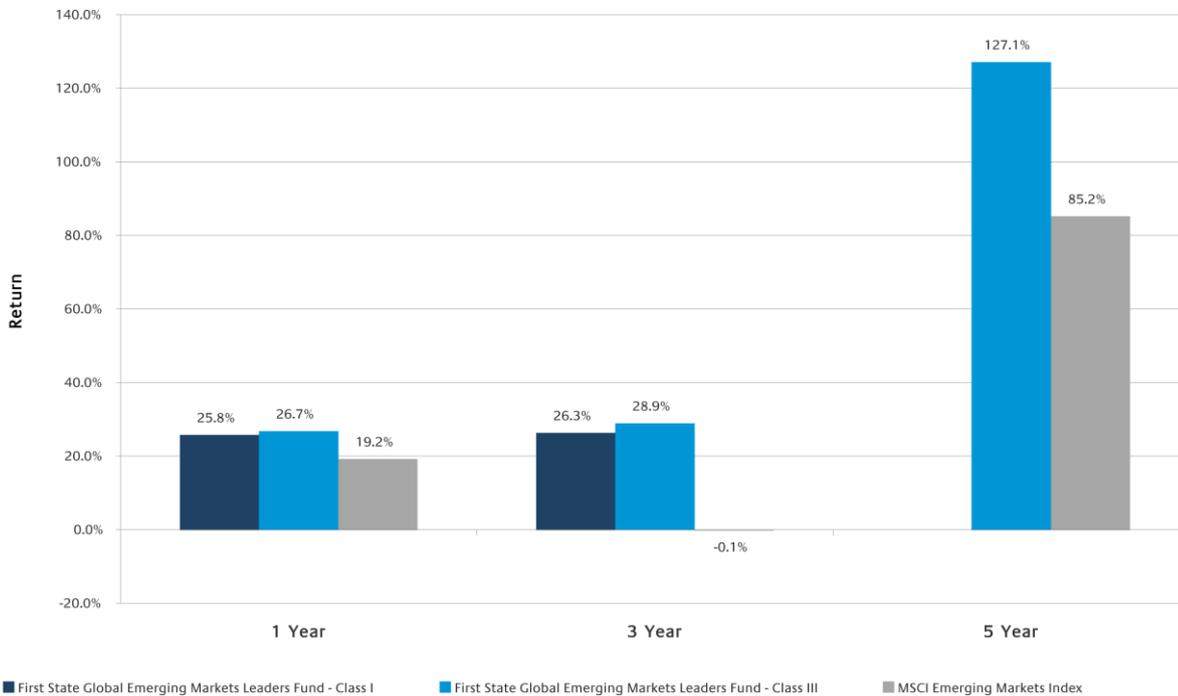
## First State Global Emerging Markets Leaders Fund - Total Annual Return 2006 - December 2010

Annual Return (Percentage Growth)



## First State Global Emerging Markets Leaders Fund - Total Cumulative Return 2006 - December 2010

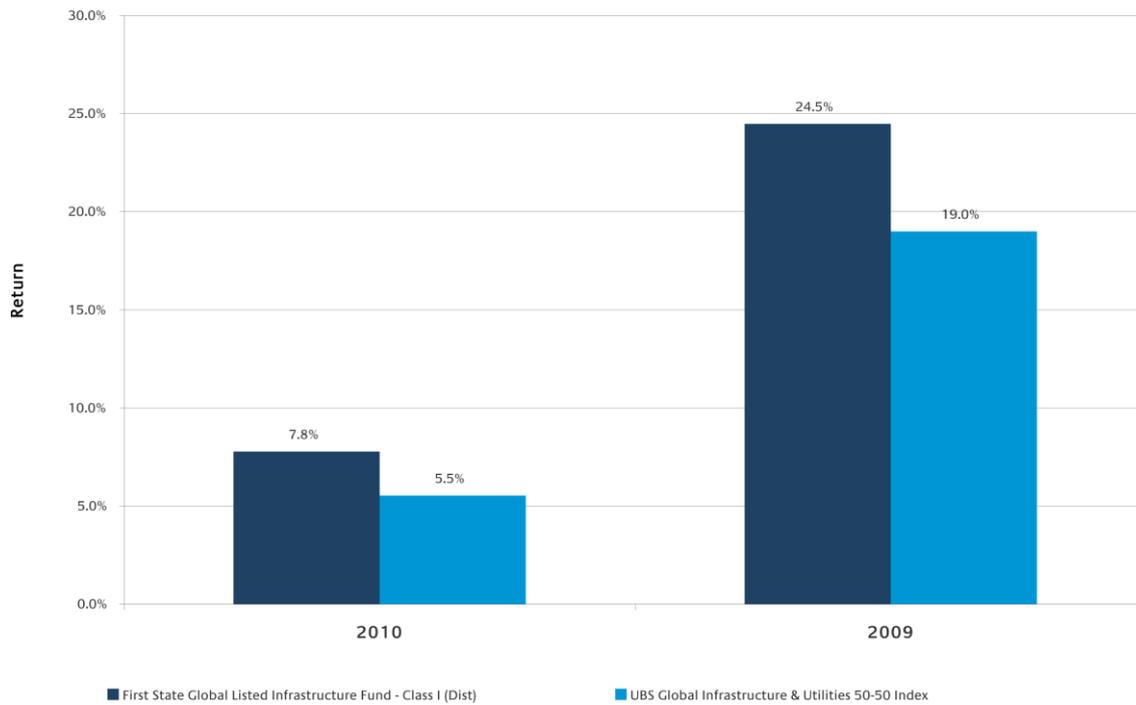
Cumulative Return (Percentage Growth)



Launch date: Class I – 28 February 2006  
Class III – 6 October 2005

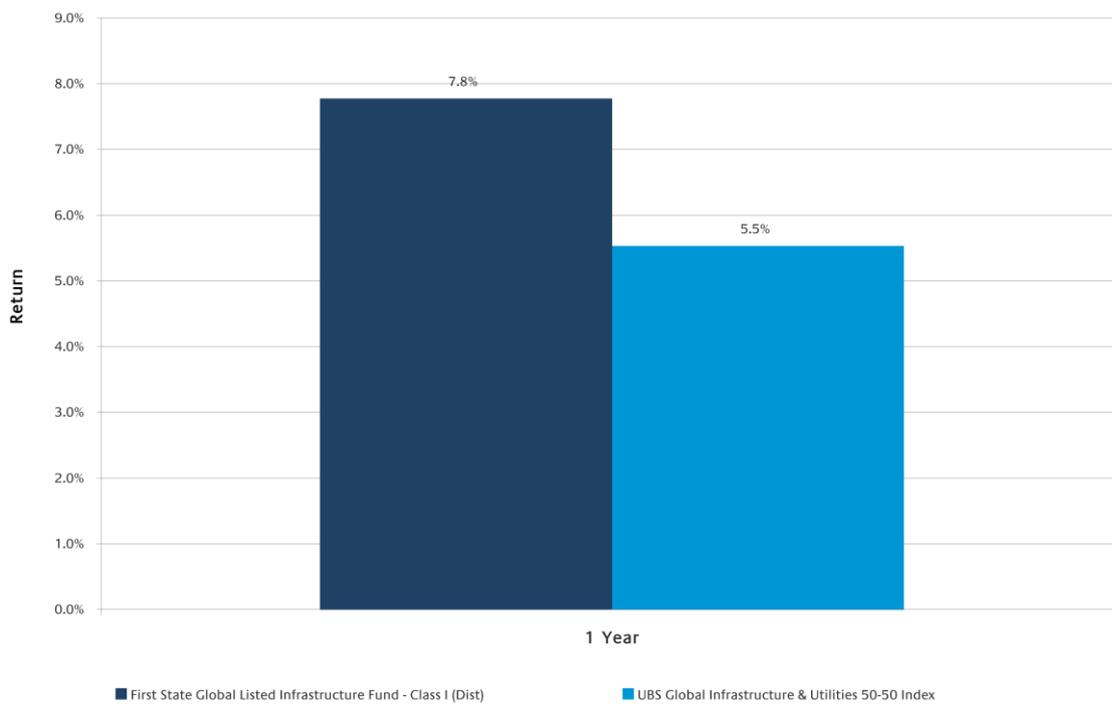
**First State Global Listed Infrastructure Fund – Total Annual Return 2009 – December 2010**

Annual Return (Percentage Growth)



**First State Global Listed Infrastructure Fund – Cumulative Return 2009 – December 2010**

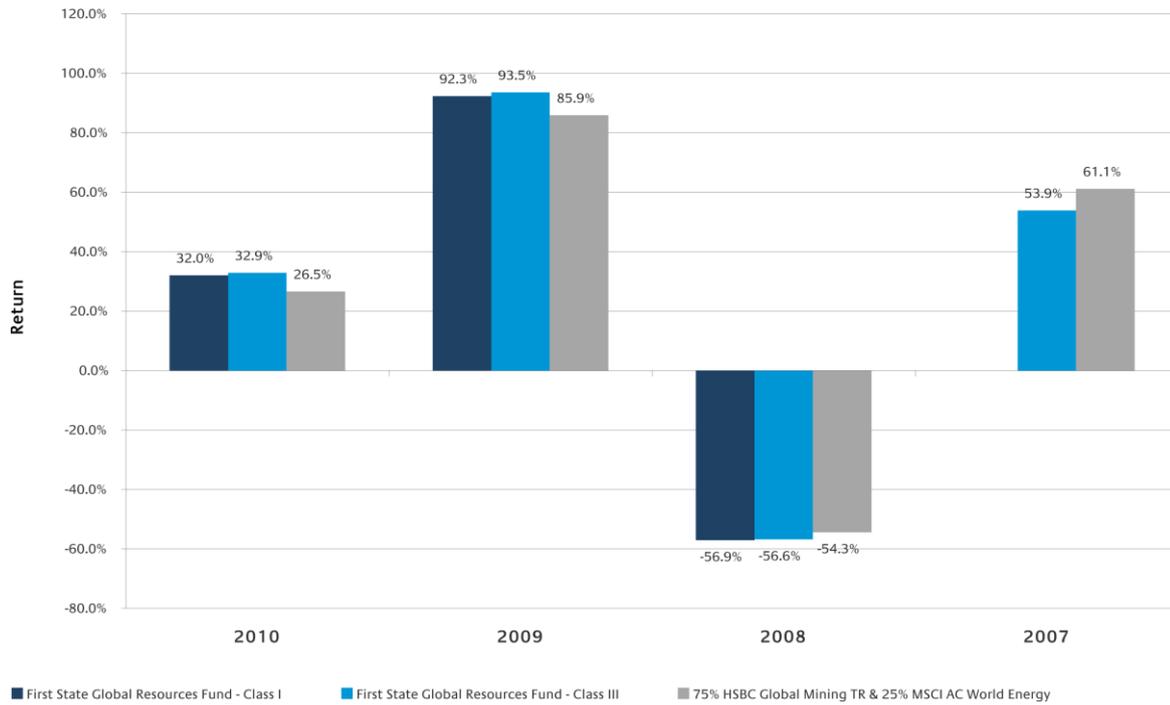
Cumulative Return (Percentage Growth)



Launch date: Class I (Distributing) – 27 June 2008

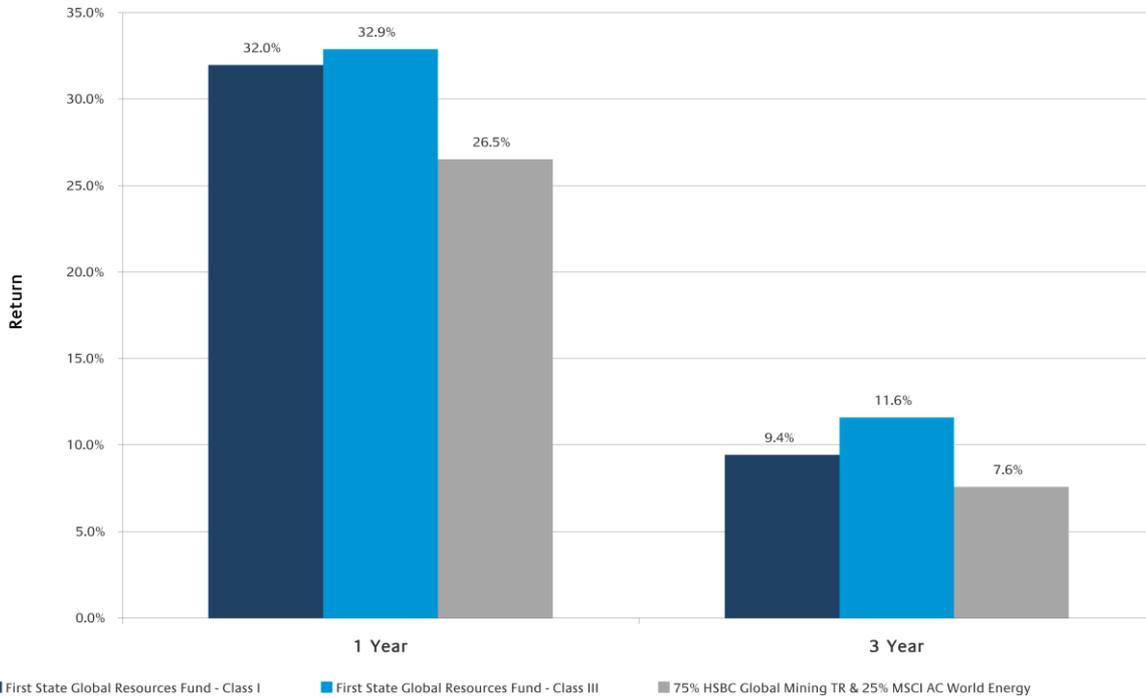
### First State Global Resources Fund - Total Annual Return 2007 - December 2010

Annual Return (Percentage Growth)



### First State Global Resources Fund - Cumulative Return 2007 - December 2010

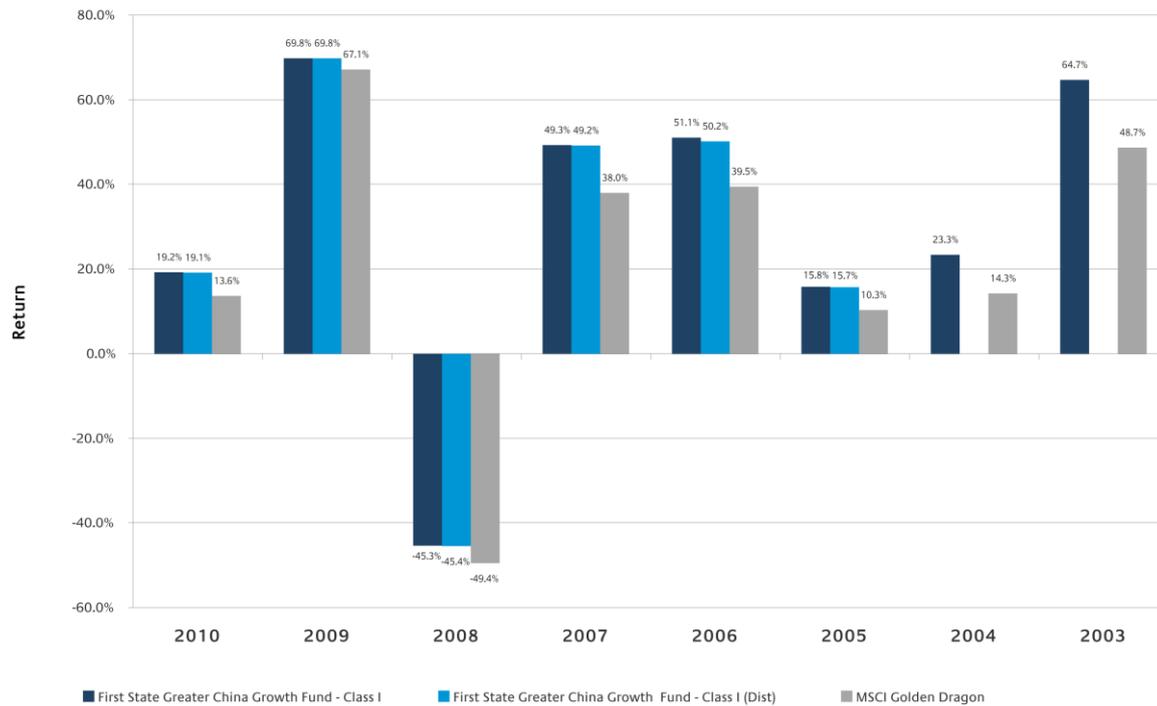
Cumulative Return (Percentage Growth)



Launch date: Class I – 13 February 2007  
 Class III – 7 November 2006

**First State Greater China Growth Fund - Total Annual Return 2003 - December 2010**

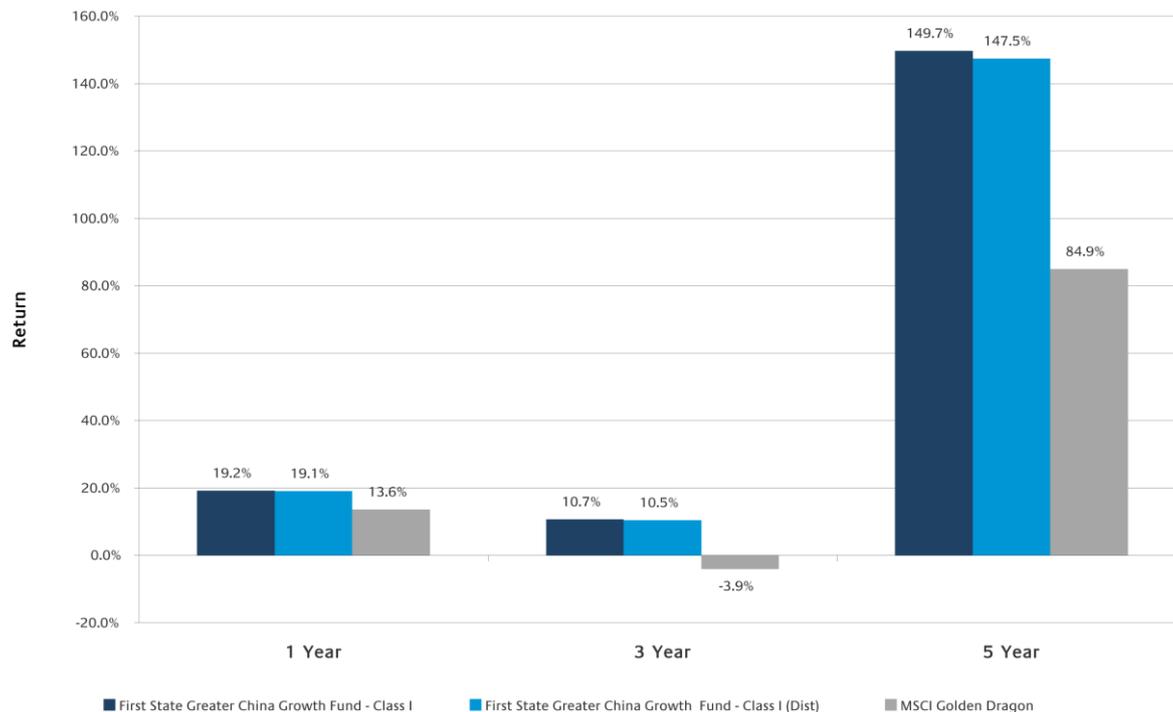
Annual Return (Percentage Growth)



■ First State Greater China Growth Fund - Class I ■ First State Greater China Growth Fund - Class I (Dist) ■ MSCI Golden Dragon

**First State Greater China Growth Fund - Total Cumulative Return 2003 - December 2010**

Cumulative Return (Percentage Growth)



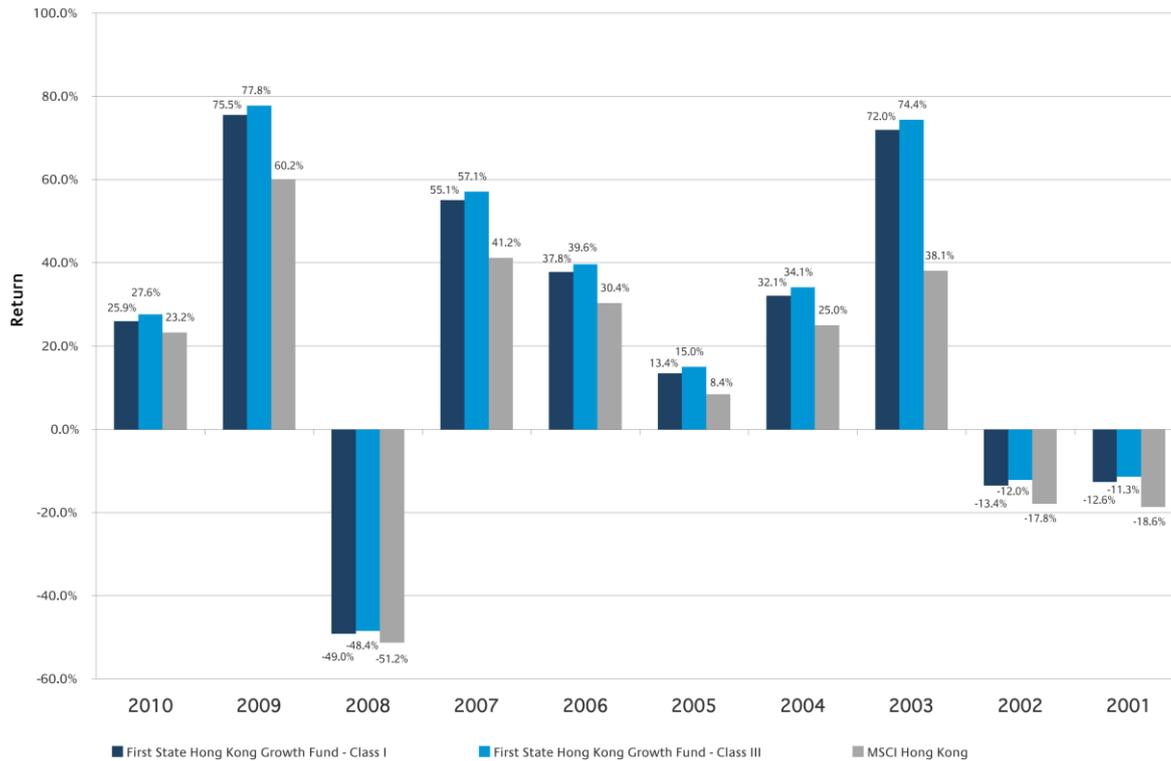
■ First State Greater China Growth Fund - Class I ■ First State Greater China Growth Fund - Class I (Dist) ■ MSCI Golden Dragon

Launch date: **Class I – 18 October 2002**

**Class I (Distributing) – 20 September 2004**

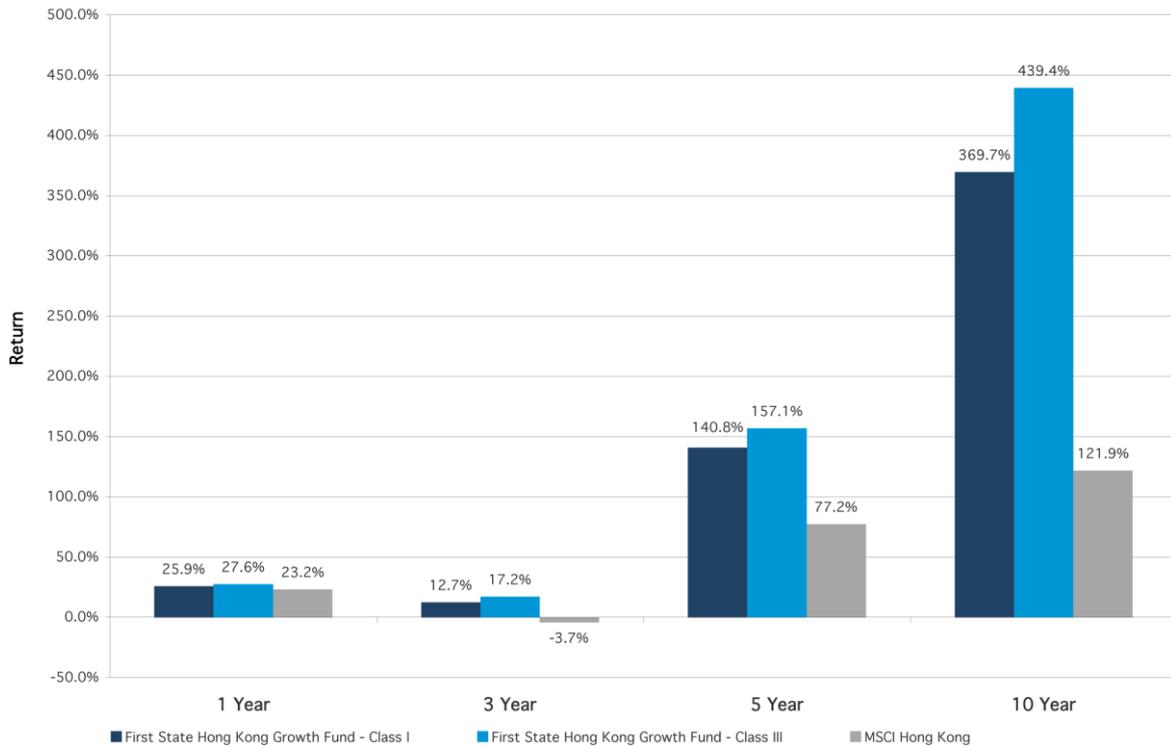
### First State Hong Kong Growth Fund - Total Annual Return 2000 - December 2010

Annual Return (Percentage Growth)



### First State Hong Kong Growth Fund - Total Cumulative Return 2000 - December 2010

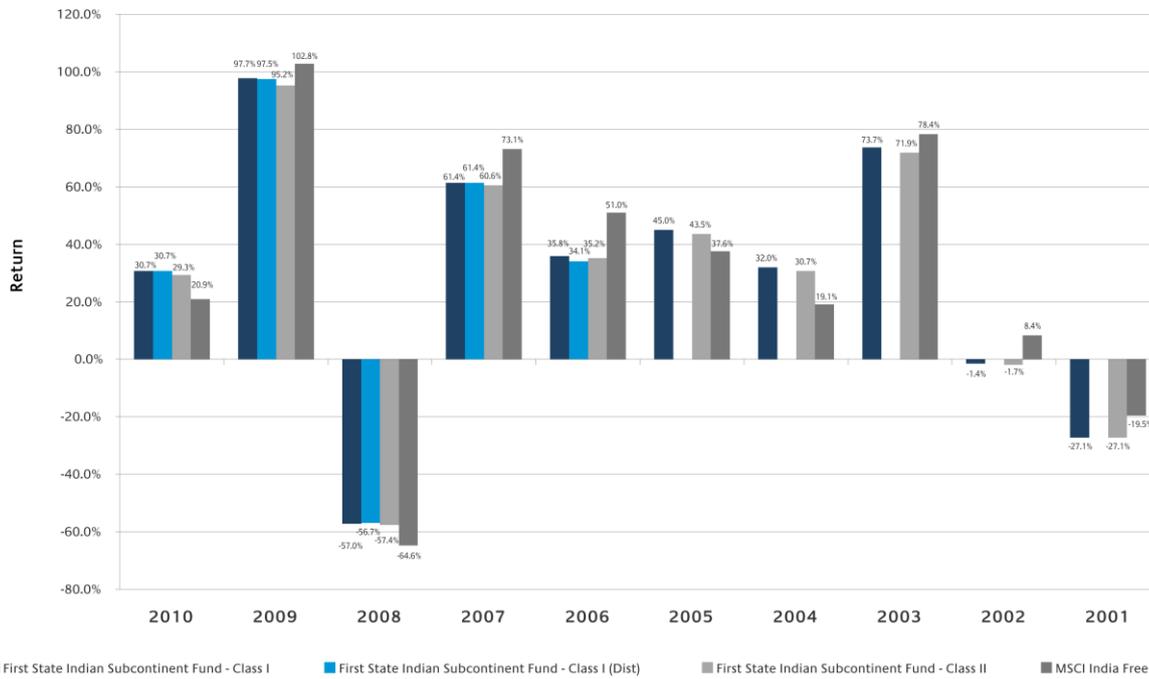
Cumulative Return (Percentage Growth)



Launch date: **Class I – 22 February 2000**  
**Class III – 30 July 1999**

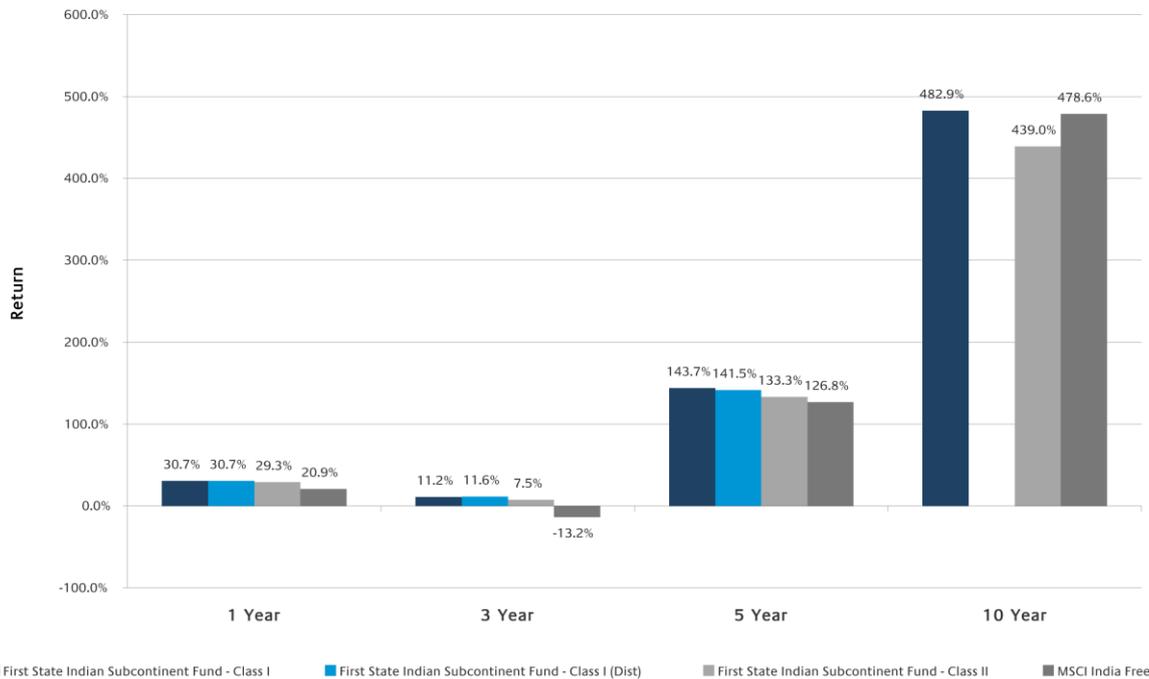
**First State Indian Subcontinent Fund - Total Annual Return 1999 - December 2010**

Annual Return (Percentage Growth)



**First State Indian Subcontinent Fund - Total Cumulative Return 1999 - December 2010**

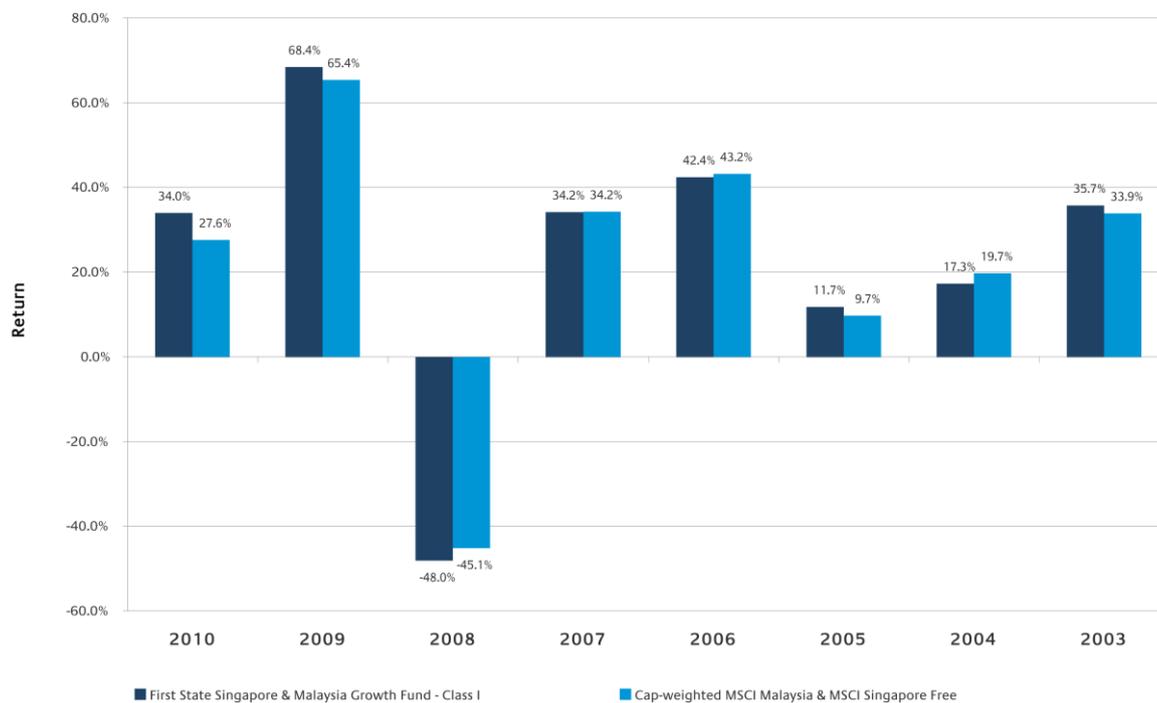
Cumulative Return (Percentage Growth)



**Launch date:** Class I – 23 August 1999  
 Class I (Distributing) – 12 October 2005  
 Class II – 14 September 1998

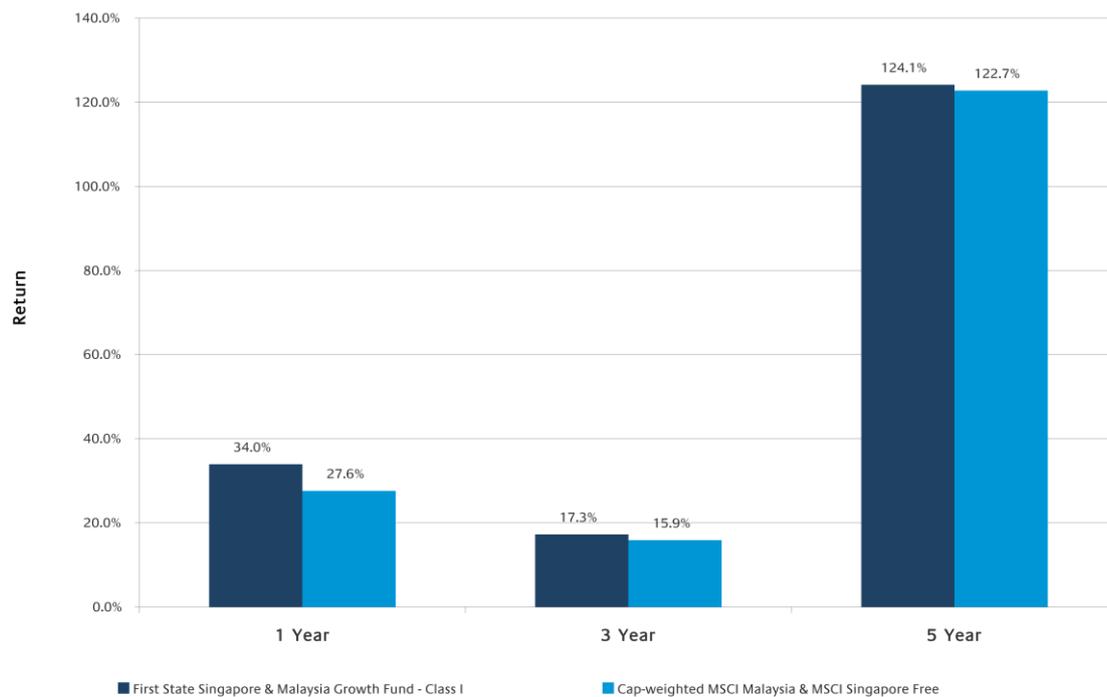
### First State Singapore and Malaysia Growth Fund - Total Annual Return 2003 - December 2010

Annual Return (Percentage Growth)



### First State Singapore and Malaysia Growth Fund - Total Cumulative Return 2003 - December 2010

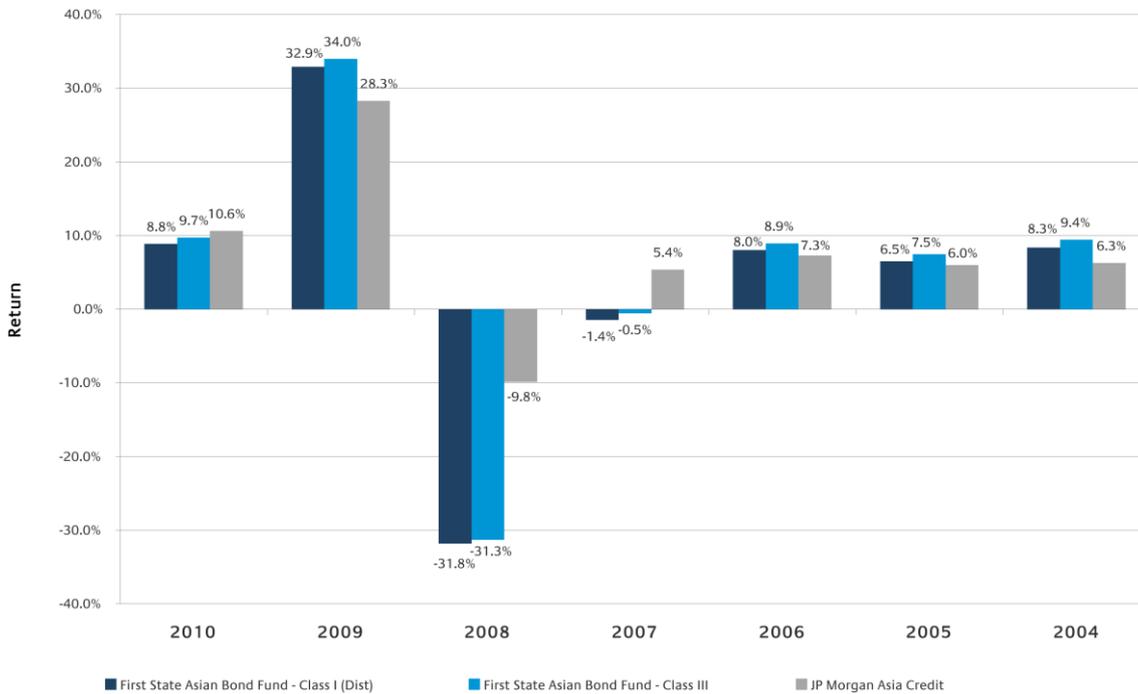
Cumulative Return (Percentage Growth)



Launch date: Class I – 18 October 2002

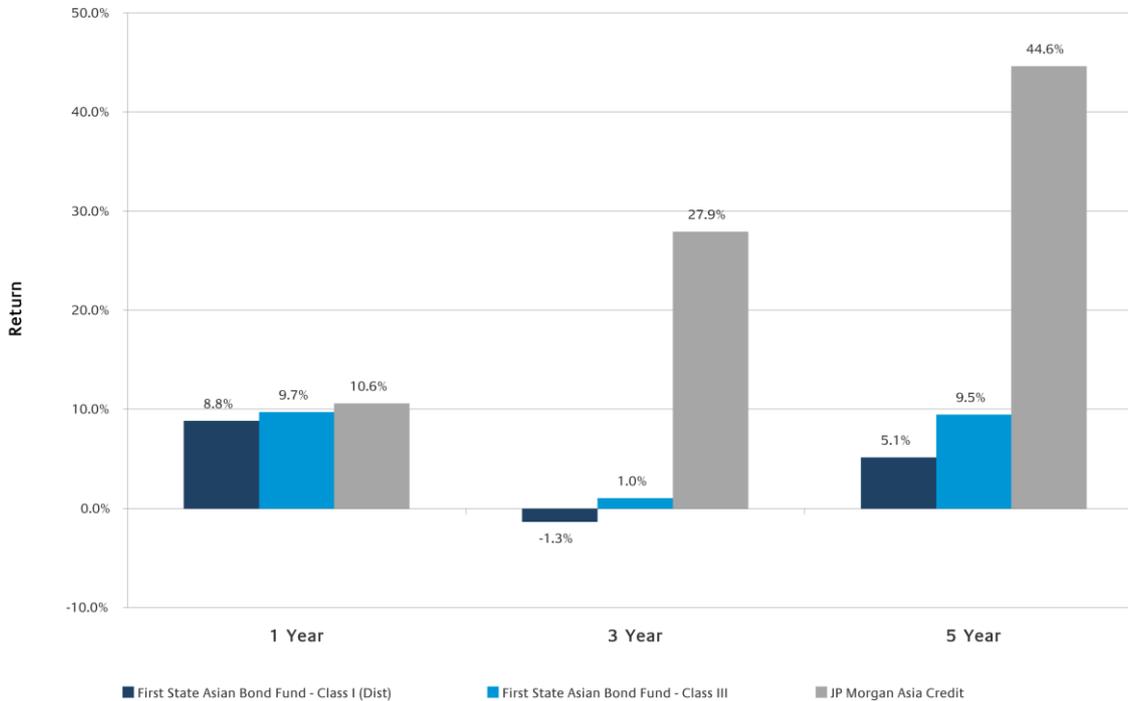
**First State Asian Bond Fund – Total Annual Return 2004 – December 2010**

Annual Return (Percentage Growth)



**First State Asian Bond Fund – Total Cumulative Return 2004 – December 2010**

Cumulative Return (Percentage Growth)

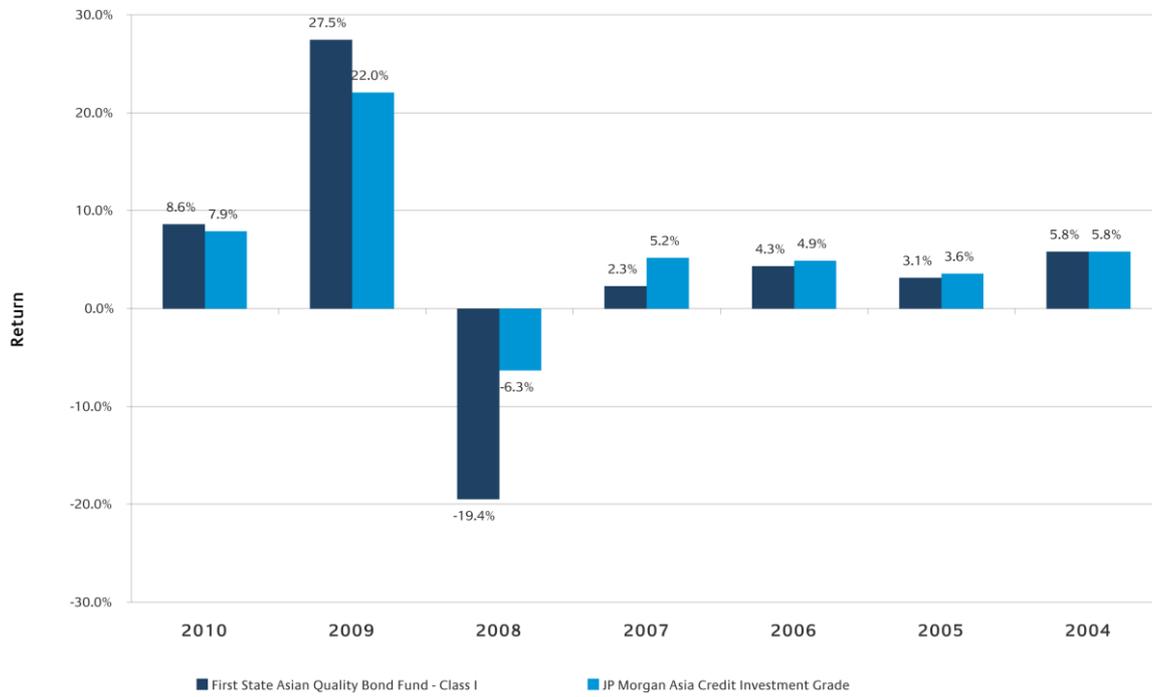


Launch date: Class I (Distributing) – 21 November 2003

Class III – 3 September 2003

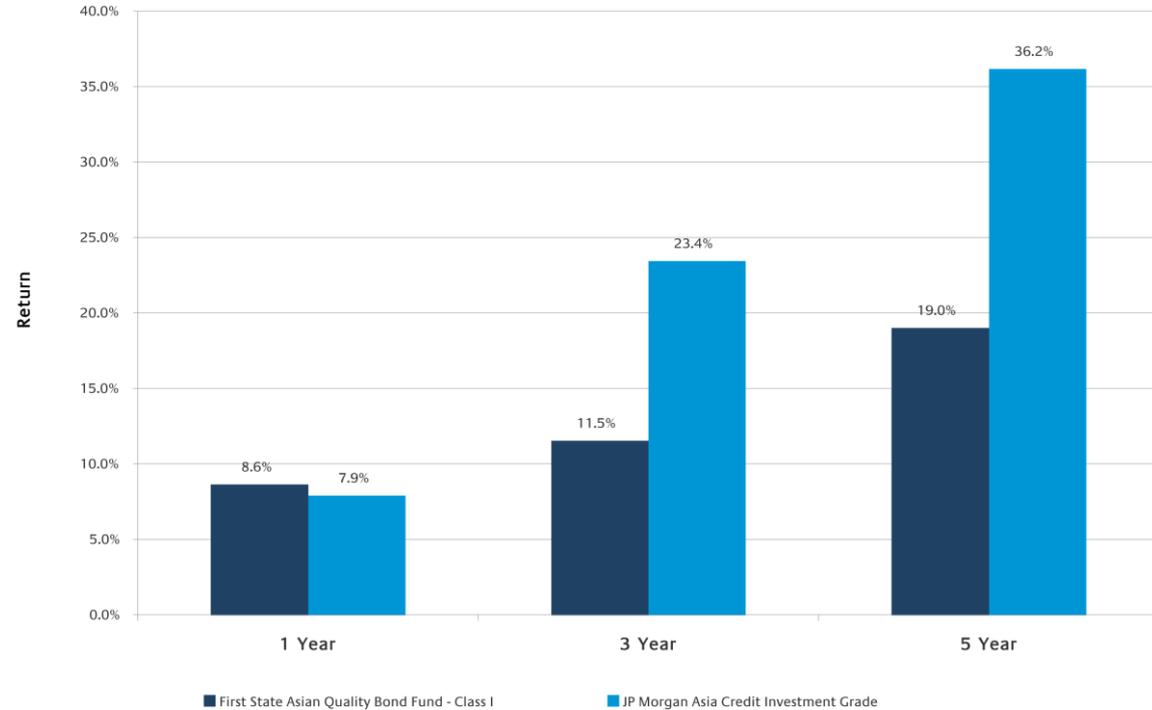
### First State Asian Quality Bond Fund – Total Annual Return 2004 – December 2010

Annual Return (Percentage Growth)



### First State Asian Quality Bond Fund – Total Cumulative Return 2004 – December 2010

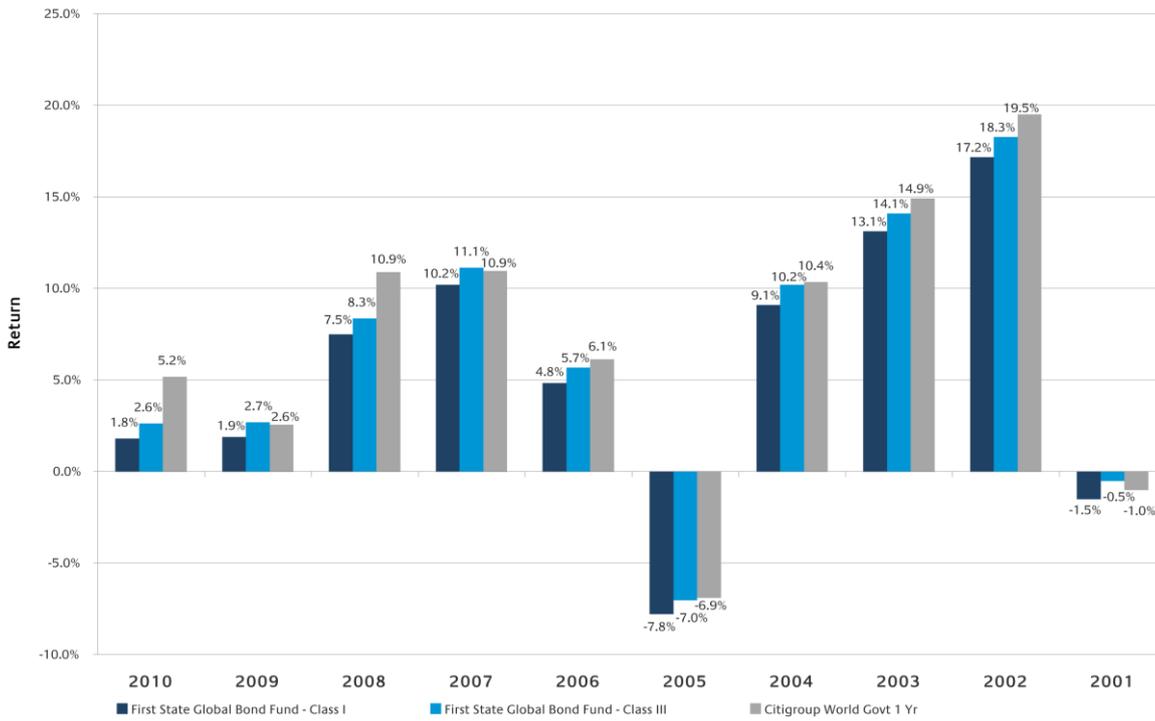
Cumulative Return (Percentage Growth)



Launch date: Class I – 14 July 2003

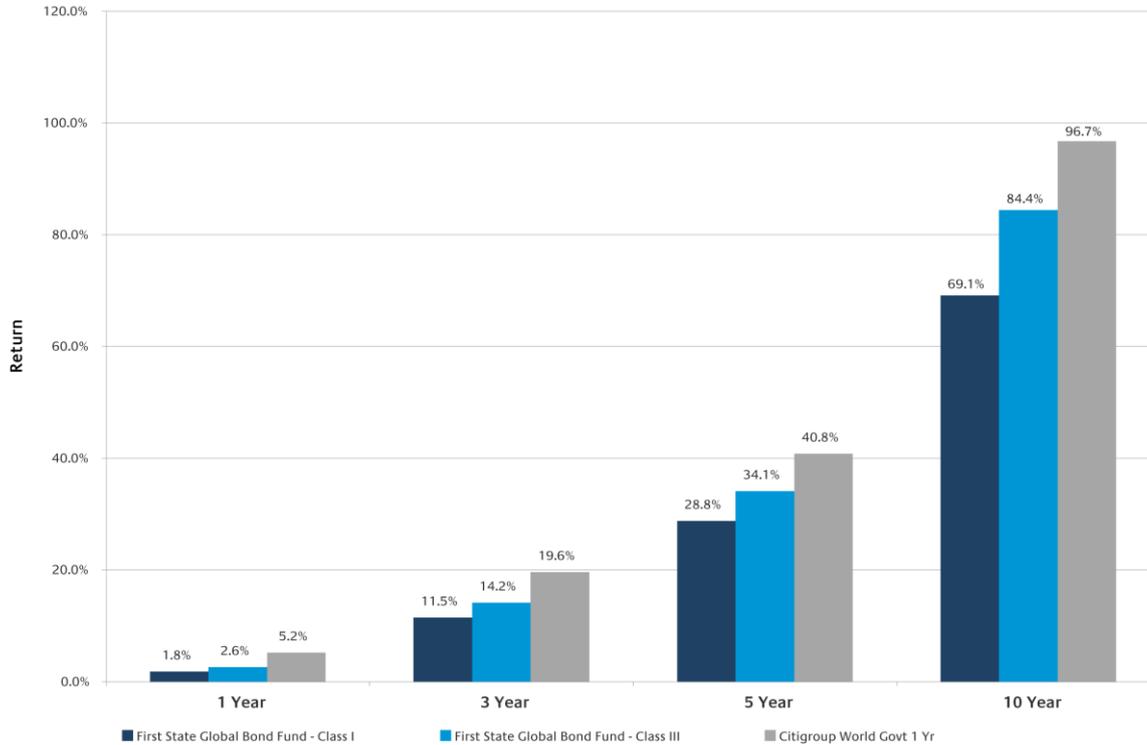
**First State Global Bond Fund - Total Annual Return 2000- December 2010**

Annual Return (Percentage Growth)



**First State Global Bond Fund - Total Cumulative Return 2000- December 2010**

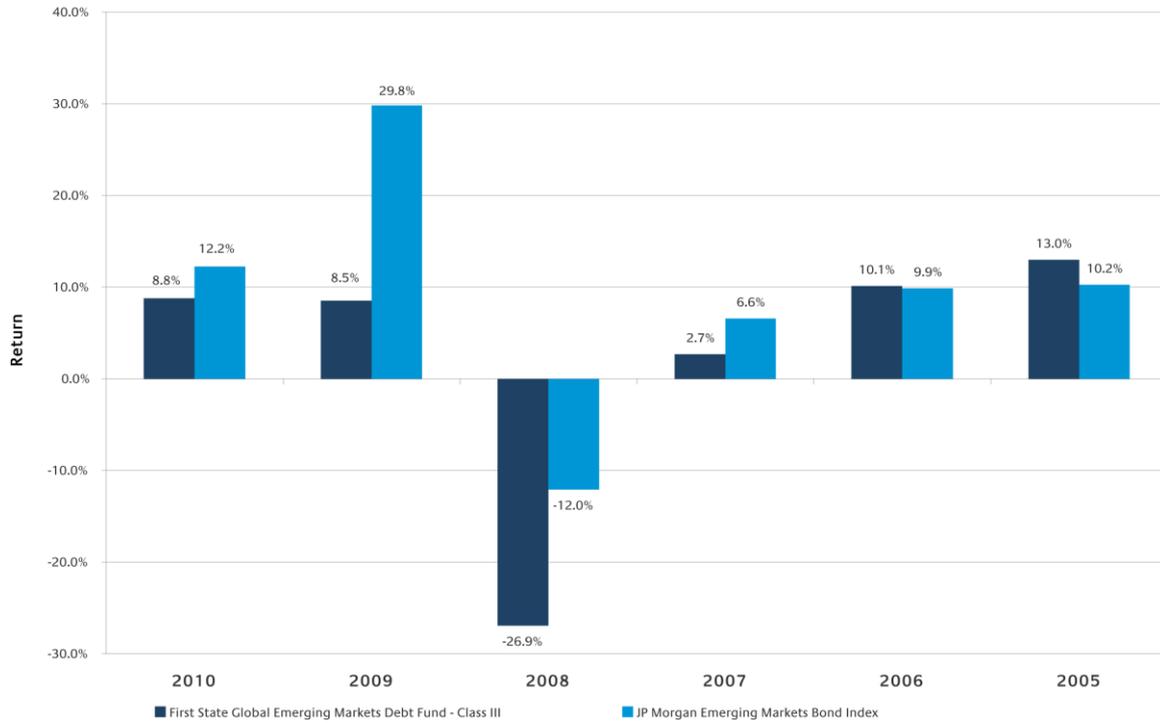
Cumulative Return (Percentage Growth)



Launch date: Class I – 22 June 2000  
Class III – 26 November 1999

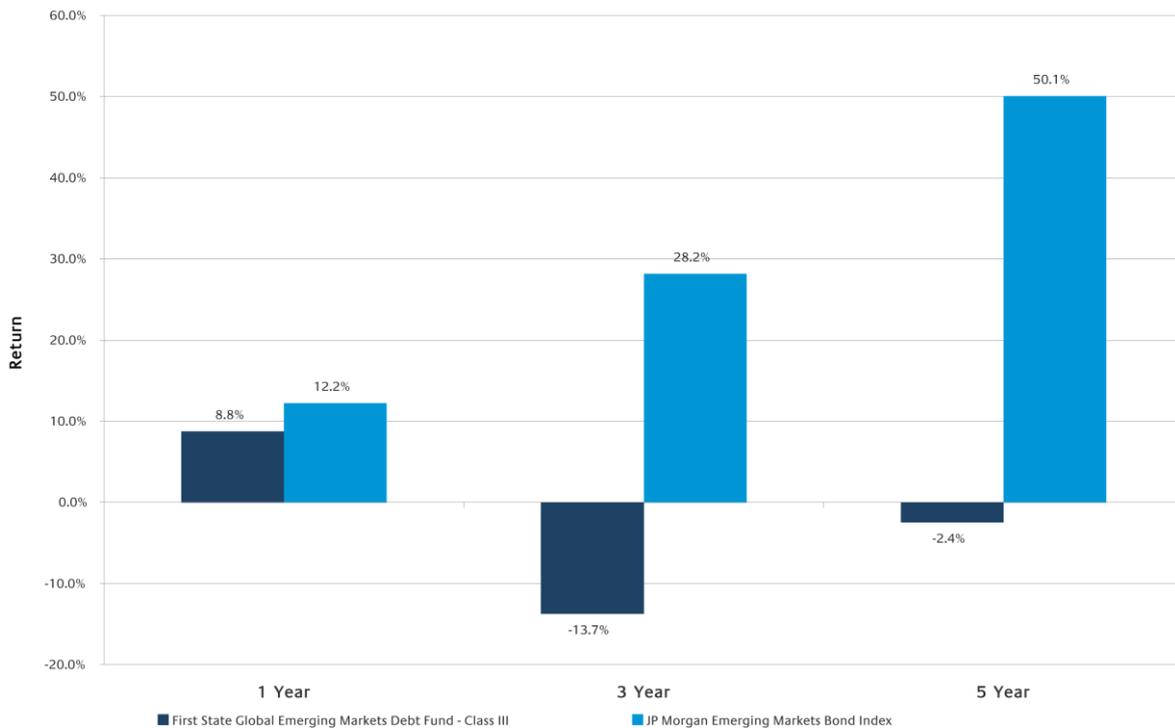
### First State Global Emerging Markets Debt Fund - Total Annual Return 2005 - December 2010

Annual Return (Percentage Growth)



### First State Global Emerging Markets Debt Fund - Total Cumulative Return 2005 - December 2010

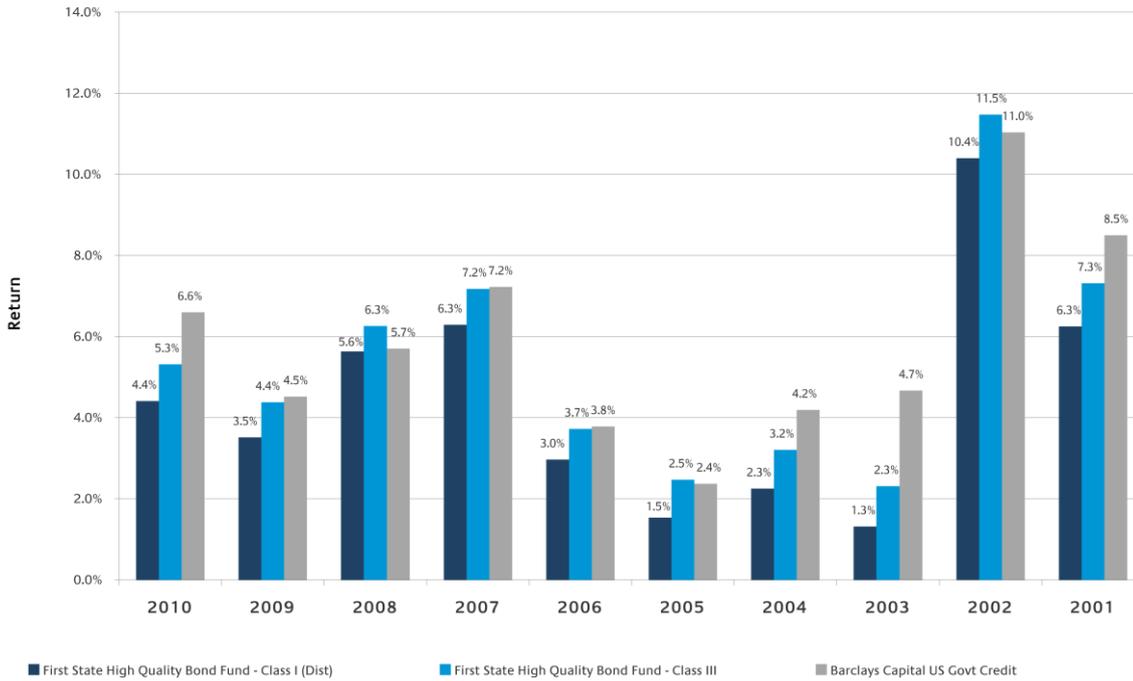
Cumulative Return (Percentage Growth)



Launch date: Class III – 20 May 2004

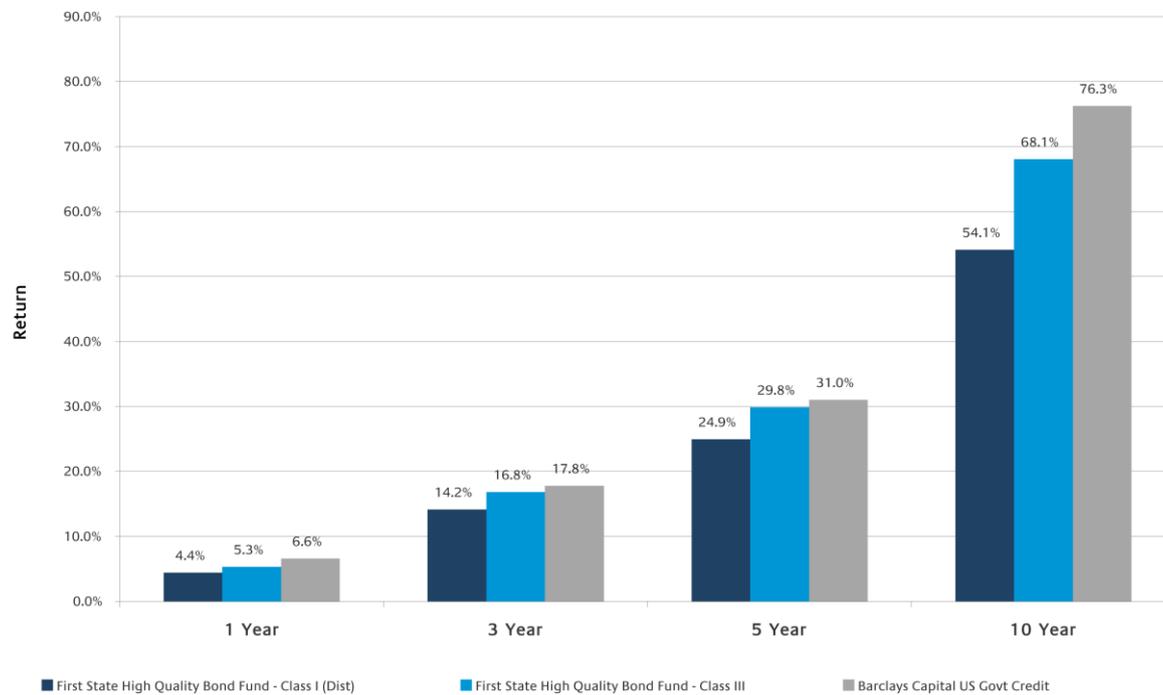
**First State High Quality Bond Fund - Total Annual Return 2000 - December 2010**

Annual Return (Percentage Growth)



**First State High Quality Bond Fund - Total Cumulative Return 2000 - December 2010**

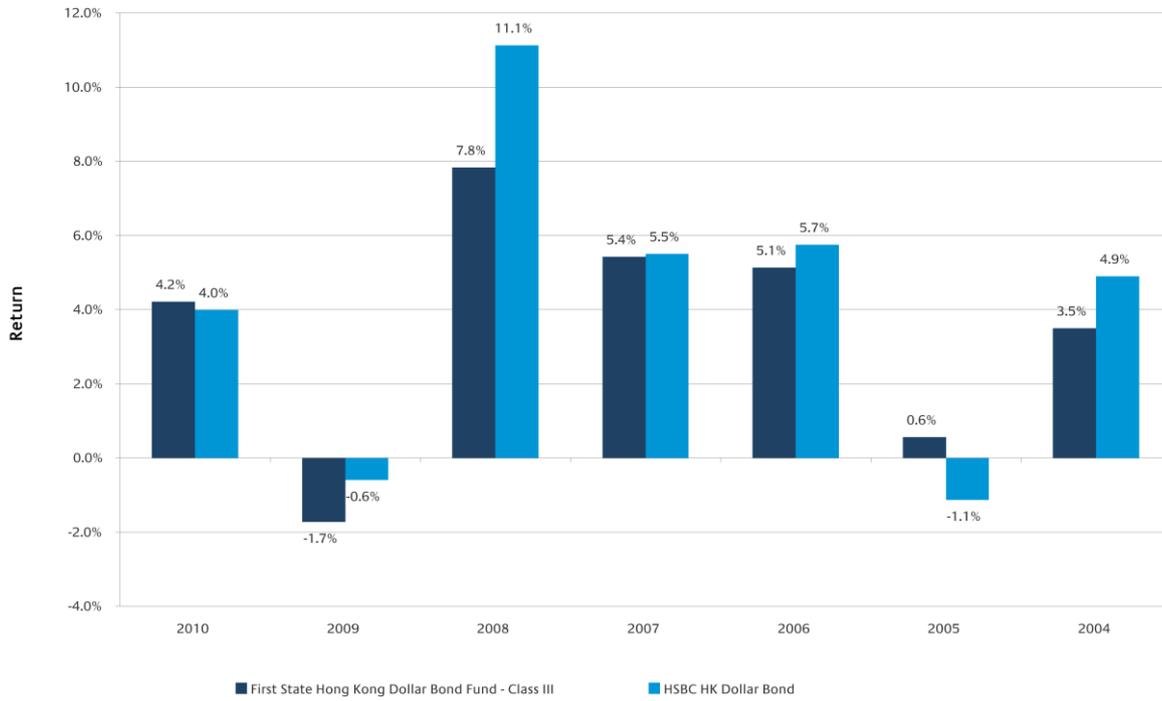
Cumulative Return (Percentage Growth)



Launch date: **Class I (Distributing) – 22 February 2000**  
**Class III – 3 August 1999**

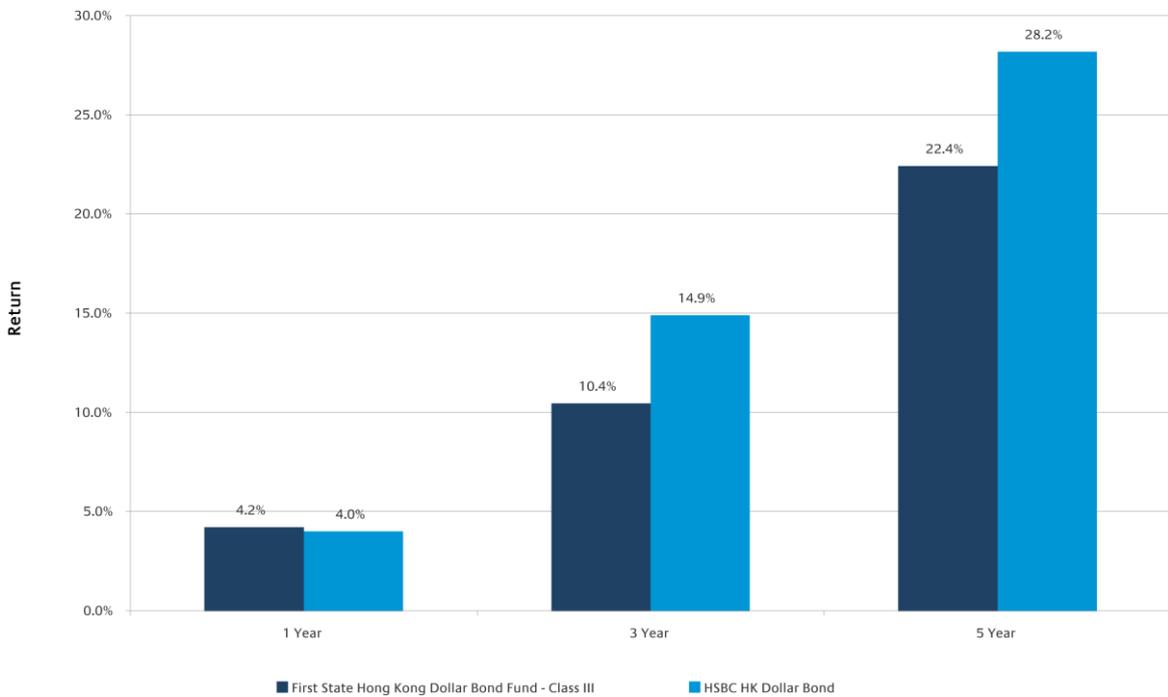
### First State Hong Kong Dollar Bond Fund - Total Annual Return 2004 - December 2010

Annual Return (Percentage Growth)



### First State Hong Kong Dollar Bond Fund - Total Cumulative Return 2004 - December 2010

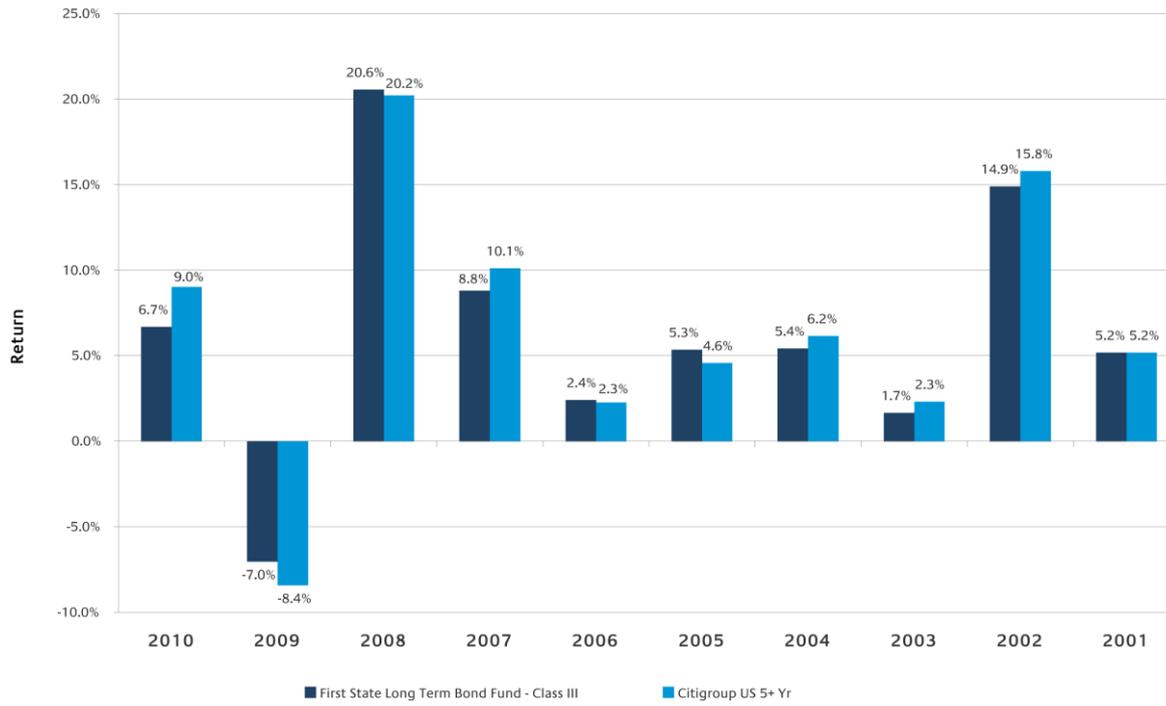
Cumulative Return (Percentage Growth)



Launch date: Class III – 3 September 2003

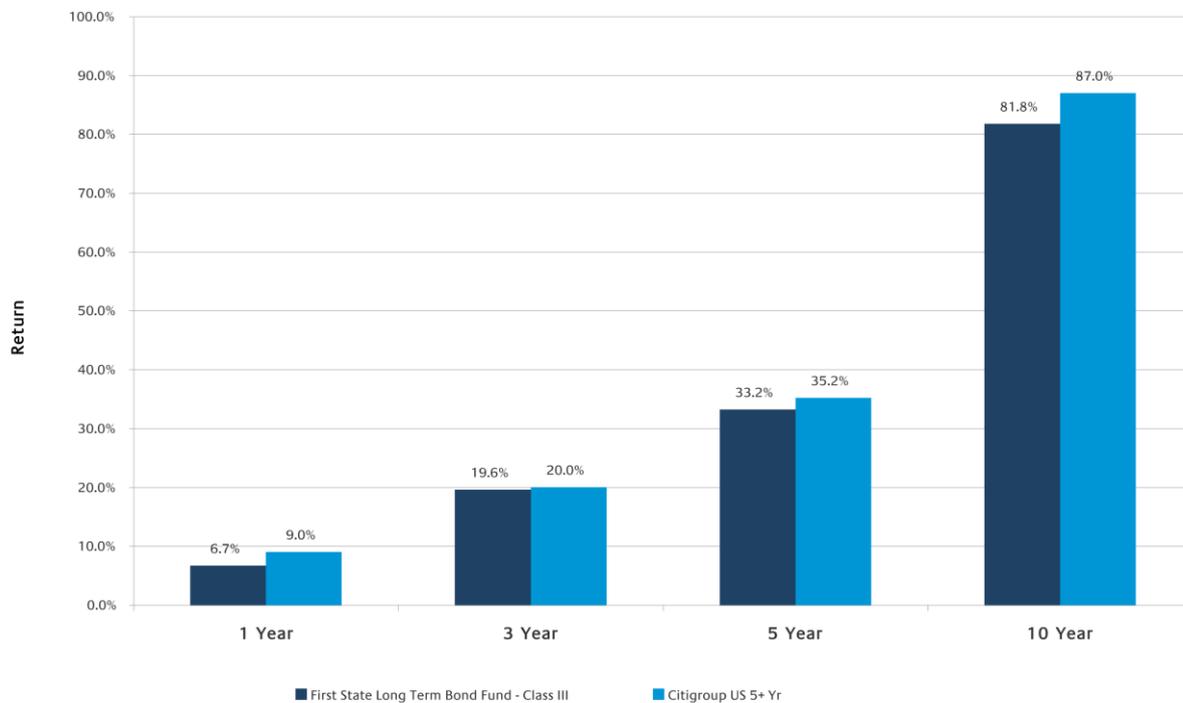
**First State Long Term Bond Fund - Total Annual Return 2001 - December 2010**

Annual Return (Percentage Growth)



**First State Long Term Bond Fund - Total Cumulative Return 2001 - December 2010**

Cumulative Return (Percentage Growth)



Launch date: Class III – 26 April 2000

The following Classes of Shares and/or Funds were launched less than one year ago or have yet to be launched. Therefore, meaningful audited performance data is not available.

#### **Launch dates**

First State Asian Bond Fund Class I (Sterling) – Not yet launched  
First State Asian Bond Fund Class I (Sterling Distributing) – Not yet launched  
First State Asian Quality Bond Fund Class I (Sterling) – Not yet launched  
First State Asian Quality Bond Fund Class I (Sterling Distributing) – Not yet launched  
First State Asian Growth Fund Class IV – Not yet launched  
First State Asia Pacific Select Fund Class I – Not yet launched  
First State Asia Pacific Select Fund Class I (Distributing) – Not yet launched  
First State Asia Pacific Select Fund Class III – 11 March 2010  
First State Australian Growth Fund Class I – Not yet launched  
First State Australian Growth Fund Class I (Distributing) – Not yet launched  
First State Australian Growth Fund Class III – Not yet launched  
First State China Focus Fund Class I (Distributing) – Not yet launched  
First State China Focus Fund Class III – Not yet launched  
First State China Focus Fund Class IV – Not yet launched  
First State Global Agribusiness Fund Class I – 21 May 2010  
First State Global Agribusiness Fund Class III – 7 April 2010  
First State Global Emerging Markets Debt Fund Class I (Distributing) – Not yet launched  
First State Global Emerging Markets Leaders Fund Class IV – Not yet launched  
First State Global Emerging Markets Select Fund Class I – Not yet launched  
First State Global Emerging Markets Select Fund Class I (Distributing) – Not yet launched  
First State Global Emerging Markets Select Fund Class III – 11 March 2010  
First State Global Listed Infrastructure Fund Class I – Not yet launched  
First State Global Listed Infrastructure Fund Class III – Not yet launched  
First State Global Resources Fund Class IV – Not yet launched  
First State Greater China Growth Fund Class IV – Not yet launched  
First State Hong Kong Dollar Bond Fund Class I (Hong Kong Dollar) – Not yet launched  
First State Hong Kong Dollar Bond Fund Class I (Hong Kong Dollar Distributing) – Not yet launched  
First State Worldwide Equity Fund Class I – Not yet launched  
First State Worldwide Equity Fund Class I (Distributing) – Not yet launched  
First State Worldwide Equity Fund Class III – Not yet launched

#### **Profile of a Typical Investor:**

Investment in Class I (Distributing) Shares in the First State Asian Bond Fund, the First State High Quality Bond Fund, the First State Hong Kong Dollar Bond Fund, the First State Asian Property Securities Fund, the First State Global Listed Infrastructure Fund and the First State Global Property Securities Fund may be suitable for investors seeking capital growth and income over a five to ten year period and who are prepared to accept a medium level of volatility.

Investment in Class I (Sterling Distributing) Shares in the First State Asian Bond Fund and the First State High Quality Bond Fund may be suitable for investors seeking capital growth and income over a five to ten year period and who are prepared to accept a medium level of volatility.

Investment in Class I (Hong Kong Dollar Distributing) Shares in the First State Hong Kong Dollar Bond Fund may be suitable for investors seeking capital growth and income over a five to ten year period and who are prepared to accept a medium level of volatility.

Investment in all other Funds and Share Classes may be suitable for investors seeking capital growth over a five to ten year period and who are prepared to accept a medium level of volatility.

#### **UK Reporting Fund Status**

The UK offshore fund legislation will apply to the Company. Under the legislation each Fund/Share Class will be treated as a separate offshore fund and may apply to HM Revenue & Customs for approval as a Reporting Fund.

The following Share Classes have been granted Reporting Fund Status by HM Revenue & Customs and may be suitable for investors who are also seeking UK Reporting Fund Status for their investments:

First State Asian Equity Plus Fund - Class I (Distributing)

First State Asian Growth Fund - Class I (Distributing)

First State Asian Property Securities Fund - Class I (Distributing)

First State China Growth Fund - Class I (Distributing)

First State Global Listed Infrastructure Fund - Class I (Distributing)

First State Greater China Growth Fund - Class I (Distributing)

First State Indian Subcontinent Fund - Class I (Distributing)

#### **Distribution Policy:**

The Directors do not intend to declare or pay any dividends, except in the case of Class I (Distributing) Shares, Class I (Sterling Distributing) Shares and Class I (Hong Kong Dollar Distributing) Shares of specific Funds. In such cases, the dividends which accrue for the half year periods ending 30 June and 31 December shall normally be paid by the end of August and February respectively in each year. In the cases where dividends accrue for the quarter year periods ending 31 March, 30 June, 30 September and 31 December they shall normally be paid by the end of February, May, August and November respectively in each year. In any event, all dividends will be paid within four months of the dividend declaration date.

Dividends may be paid out of net revenue (including interest and dividends) plus realised and unrealised profits on the disposal/valuation of investments and other funds, less realised and unrealised losses (including fees and expenses).

Any dividend will be paid by telegraphic transfer or cheque sent by ordinary post to the registered address of the Shareholder or, in the case of joint holders, to the name and address of the first Shareholder appearing on the register. Any dividend which is unclaimed six years from the date it became payable shall be forfeited and become the property of the relevant Fund.

**Shareholders should note that from the publication date of this Simplified Prospectus 100 per cent of the investment management fees and operational expenses of the First State Asian Equity Plus Fund, the First State Asian Property Securities Fund, the First State Global Emerging Markets Debt Fund, the First State Global Property Securities Fund and the First State Global Listed Infrastructure Fund will be charged to the capital of this Fund.** The reason for charging these expenses against capital is to seek to increase the amount of distributable income but this may be achieved by foregoing the potential for future capital growth. **This will have the effect of lowering the capital value of your investment. On redemption of holdings, Shareholders may not receive back the full amount invested.**

Please note that in the case of the Class I (Distributing) Shares, Class I (Sterling Distributing) Shares and Class I (Hong Kong Dollar Distributing) Shares of the Funds, distributions will be reinvested in the Fund unless the Shareholder otherwise specifies in writing. The amount reinvested will still be treated as income for UK tax purposes.

**Fees and Expenses:**

***Shareholder Expenses***

For more detailed information in relation to the expenses applicable to the different Share Classes please refer to the Prospectus.

**Class I, Class I (Distributing), Class I (Sterling), Class I (Sterling Distributing), Class I (Hong Kong Dollar), Class I (Hong Kong Dollar Distributing) and Class IV**

Sales Charge	Up to 5%
Redemption Fee	None
Switching Fee	Up to 1% of NAV

**Class III**

Sales Charge	Up to 7%
Redemption Fee	None
Switching Fee	Up to 1% of NAV

***Annual Operating Expenses***

Each Class of Shares pays the Investment Manager monthly in arrears an investment management fee at a rate per annum specified in the table below. Each Class of Shares of Fund also bears other operating expenses including an administration fee, custody fee and registration and transfer agency fee. These operating expenses are detailed below and are shown in the Prospectus and the semi-annual and annual reports.

**Administration and Custodian costs applicable to all Classes of Shares per transaction:**

**Custodian Cost**

Sale and purchase of securities	US\$ 30
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**Administration Cost**

Processing of subscriptions, redemptions, transfers and other Shareholder-related transactions such as dividend payments (if applicable)	US\$ 15
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**Administration and Custodian Fees per annum applicable to Class I, Class II & Class IV Shares:**

Custodian Fee	
of the asset value of securities in developed markets	0.035%
of the asset value per annum of securities in any other markets	0.08%
Administrator Fee	
on balances up to US\$ 25,000,000 of NAV	0.15%
on balances in excess of US\$ 25,000,000 of NAV	0.10%
on balances over US\$ 50,000,000 of NAV	0.08%

**Administration and Custodian Fees per annum applicable to Class III Shares:**

Custodian Fee

of the asset value of securities in developed markets	0.035%
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of the asset value per annum of securities in any other markets	0.08%
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Administrator Fee

per Fund for which such Shares are in issue	US\$ 5,000
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The out of pocket expenses of the Directors, the Administrator, the Registrar and/or the Custodian may be paid by the Funds.

The fees and expenses associated with Class I, Class I (Distributing), Class I (Sterling), Class I (Sterling Distributing), Class I (Hong Kong Dollar) and Class I (Hong Kong Dollar Distributing) Shares are the same.

**Investment Management Fee:**

<b>Name of Funds</b>	<b>Class of Shares</b>	<b>Distribution Policy</b>	<b>Distribution Frequency</b>	<b>Investment Management fee per annum</b>
First State Asia Innovation Fund	I	Accumulation	N/A	1.75%
	III	Accumulation	N/A	0.3%
First State Asia Pacific Select Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	III	Accumulation	N/A	0.85%
First State Asian Equity Plus Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
First State Asian Growth Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	II	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.3%
First State Asian Property Securities Fund	IV	Accumulation	N/A	2.0%
	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	III	Accumulation	N/A	0.85%
First State Australian Growth Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	III	Accumulation	N/A	0.85%
First State China Focus Fund	I	Accumulation	N/A	1.75%
	I (Distributing)	Distributing	Semi-Annually	1.75%
	III	Accumulation	N/A	1.00%
	IV	Accumulation	N/A	2.0%
First State China Growth Fund	I	Accumulation	N/A	2.0%
	I (Distributing)	Distributing	Semi-Annually	2.0%
	II	Accumulation	N/A	1.5%
First State Global Opportunities Fund	III	Accumulation	N/A	0.3%
	I	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.85%
First State Global Agribusiness Fund	I	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.85%
	IV	Accumulation	N/A	1.75%
First State Global Emerging Markets Leaders Fund	I	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.85%
	IV	Accumulation	N/A	1.75%
First State Global Emerging Markets Select Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	III	Accumulation	N/A	0.85%
First State Global Listed Infrastructure Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	III	Accumulation	N/A	0.85%

Name of Funds	Class of Shares	Distribution Policy	Distribution Frequency	Investment Management fee per annum
First State Global Property Securities Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	III	Accumulation	N/A	0.85%
First State Global Resources Fund	I	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.85%
	IV	Accumulation	N/A	1.75%
First State Greater China Growth Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	IV	Accumulation	N/A	2.0%
First State Hong Kong Growth Fund	I	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.3%
First State Indian Subcontinent Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	II	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.3%
First State Singapore and Malaysia Growth Fund	I	Accumulation	N/A	1.5%
First State Worldwide Equity Fund	I	Accumulation	N/A	1.75%
	I (Distributing)	Distributing	Semi-Annually	1.75%
	III	Accumulation	N/A	1.0%
First State Asian Bond Fund	I (Distributing)	Distributing	Quarterly	1.0%
	I (Sterling)	Accumulation	N/A	1.0%
	I (Sterling Distributing)	Distributing	Quarterly	1.0%
	III	Accumulation	N/A	0.3%
First State Asian Quality Bond Fund	I	Accumulation	N/A	1.0%
	I (Sterling)	Accumulation	N/A	1.0%
	I (Sterling Distributing)	Distributing	Quarterly	1.0%
	III	Accumulation	N/A	0.3%
First State Global Bond Fund	I	Accumulation	N/A	1.0%
	III	Accumulation	N/A	0.3%
First State Global Emerging Markets Debt Fund	I	Accumulation	N/A	1.0%
	I (Distributing)	Distributing	Quarterly	1.25%
	III	Accumulation	N/A	0.3%
First State High Quality Bond Fund	I (Distributing)	Distributing	Semi-Annually	1.0%
	III	Accumulation	N/A	0.3%
First State Hong Kong Dollar Bond Fund	I (Distributing)	Distributing	Semi-Annually	1.0%
	I (Hong Kong Dollar)	Accumulation	N/A	1.0%
	I (Hong Kong Dollar Distributing)	Distributing	Semi-Annually	1.0%
	III	Accumulation	N/A	0.3%
First State Long Term Bond Fund	I	Accumulation	N/A	1.0%
	III	Accumulation	N/A	0.3%

The total expense ratios (TER) for the year as at 31 December 2010 - were as follows:

Fund	Class I			
	Class I	(Distributing)	Class II	Class III
First State Asia Innovation Fund	2.00%	N/A	N/A	N/A
First State Asia Pacific Select Fund	N/A	N/A	N/A	1.14%
First State Asian Equity Plus Fund	1.67%	1.65%	N/A	N/A
First State Asian Growth Fund	1.66%	1.73%	2.27%	0.40%
First State Asian Property Securities Fund	1.75%	1.75%	N/A	1.26%
First State China Growth Fund	2.14%	2.17%	2.25%	N/A
First State China Focus Fund	1.97%	N/A	N/A	N/A
First State Global Opportunities Fund	1.73%	N/A	N/A	0.43%
First State Global Agribusiness Fund	2.03%	N/A	N/A	1.41%
First State Global Emerging Markets Leaders Fund	1.68%	N/A	N/A	0.93%
First State Global Emerging Markets Select Fund	N/A	N/A	N/A	1.07%
First State Global Listed Infrastructure Fund	N/A	1.77%	N/A	N/A
First State Global Resources Fund	1.70%	N/A	N/A	1.01%
First State Greater China Growth Fund	1.65%	1.72%	N/A	N/A
First State Hong Kong Growth Fund	1.68%	N/A	N/A	0.39%
First State Indian Subcontinent Fund	1.73%	1.79%	2.81%	N/A
First State Singapore and Malaysia Growth Fund	1.73%	N/A	N/A	N/A
First State Asian Bond Fund	N/A	1.38%	N/A	0.57%
First State Asian Quality Bond Fund	1.13%	N/A	N/A	N/A
First State Global Bond Fund	1.30%	N/A	N/A	0.50%
First State Global Emerging Markets Debt Fund	N/A	N/A	N/A	0.45%
First State High Quality Bond Fund	N/A	1.22%	N/A	0.38%
First State Hong Kong Dollar Bond Fund	N/A	N/A	N/A	0.41%
First State Long Term Bond Fund	N/A	N/A	N/A	0.35%

Historical information on the TER can be obtained from the Investment Manager or the Administrator.

The First State Australian Growth Fund, First State Worldwide Equity Fund are not yet launched therefore TER data is not yet available.

The following Share Classes are not yet launched therefore TER data is not yet available, the First State Asian Quality Bond Fund Class I (Sterling) and Class I (Sterling Distributing), First State Asian Quality Bond Fund Class I (Sterling) and the Class I (Sterling Distributing), First State Hong Kong Dollar Bond Fund Class I (Hong Kong Dollar) and Class I (Hong Kong Dollar Distributing).

**Portfolio Turnover Rate**

The portfolio turnover rates for the Funds for the year 31 December 2010 were as follows:

<b>Fund</b>	<b>Turnover rate</b>
First State Asia Innovation Fund	43.29%
First State Asia Pacific Select Fund	212.24%
First State Asian Equity Plus Fund	63.52%
First State Asian Growth Fund	47.78%
First State Asian Property Securities Fund	141.35%
First State China Growth Fund	66.62%
First State China Focus Fund	53.20%
First State Global Opportunities Fund	424.75%
First State Global Agribusiness Fund	256.78%
First State Global Emerging Markets Leaders Fund	93.94%
First State Global Emerging Markets Select Fund	232.13%
First State Global Listed Infrastructure Fund	104.15%
First State Global Resources Fund	107.08%
First State Greater China Growth Fund	50.42%
First State Hong Kong Growth Fund	69.51%
First State Indian Subcontinent Fund	98.91%
First State Singapore and Malaysia Growth Fund	45.80%
First State Asian Bond Fund	56.19%
First State Asian Quality Bond Fund	39.17%
First State Global Bond Fund	246.11%
First State Global Emerging Markets Debt Fund	25.87%
First State High Quality Bond Fund	78.43%
First State Hong Kong Dollar Bond Fund	123.35%
First State Long Term Bond Fund	169.38%

Historical information on the portfolio turnover rate can be obtained from the Investment Manager or the Administrator.

The First State Australian Growth Fund, Worldwide Equity Fund are not yet launched therefore the portfolio turnover rate is not yet available.

**Taxation:**

The Company is resident in Ireland for tax purposes and is generally not subject to Irish taxation charges on income or capital gains. No Irish stamp duty is generally payable on the issue, redemption or transfer of Shares in the Company.

**Shareholders and potential investors should consult with their professional advisers in relation to the tax treatment of their holdings in the Company.**

**Publication of Share**

The net asset value per Share of all Funds available to Hong Kong resident investors will normally be published daily in The South China Morning Post, the Hong Kong Economic

**Price:** Journal and on the website [www.firststateasia.com](http://www.firststateasia.com)

The net asset value per Share of all Funds will normally be quoted on the Reuters screen service and published daily on the website [www.firststateinvestments.com](http://www.firststateinvestments.com)

Prices for all Funds will also be available from the Investment Manager, the Administrator and the Distributors.

**How to Buy/Sell Shares**

You can invest in a Fund by completing the application form and attaching a cheque made payable to HSBC Institutional Trust Services (Asia) Limited - First State Investments. The application form and subscription monies can be sent to:

First State Global Umbrella Fund plc  
C/o HSBC Securities Services (Ireland) Limited  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland

or to the Hong Kong representative, to the Edinburgh office of the UK Distributor, or to the office of the Singapore Distributor.

By prior agreement with the Investment Manager or a designated Distributor subsequent subscriptions will be accepted on the basis of a faxed application form or letter of instruction where a signed original account application form and any required supporting documentation (including all required anti-money laundering documentation) has been provided in advance to the Administrator.

Payment should be made in one of the ways set out in the application form. Settlement of a purchase transaction must occur within five Business Days after the Dealing Day. If cleared funds are not received within this period, the Administrator may cancel any allotment of Shares in respect thereof. Any costs incurred by the Company as a result of an investor's failure to transmit cleared funds by the deadline referred to above shall be borne by the investor.

The Directors reserve the right to process a subscription order received after the dealing cut-off time of 10.00 a.m. (Irish time), provided that in any event all subscription orders are received prior to 11.00 a.m. (Irish time) on the relevant Dealing Day. The Directors reserve the right to reject any application to purchase Shares.

Where a Class of Shares in any Fund has not previously been issued, then initial subscriptions for such Shares will be accepted during the Initial Offer Period. The Initial Offer Period for individual Funds and Share Classes are shown in the table below. Subscription requests made during the Initial Offer Period should be received on or before the dealing cut-off time (10.00 a.m. (Irish time)) on the final day of the Initial Offer Period. Any subscriptions received after the dealing cut-off time on the final day of the Initial Offer Period will be processed on the next Dealing Day and Shares shall be issued at the relevant net asset value per Share on the Dealing Day on which they are issued.

Name of Funds	Class of Shares	Initial Offer Period
First State Asian Growth Fund	IV	From 29 January 2009 to 14 December 2011
First State Asia Pacific Select Fund	I I (Distributing)	From 1 September 2008 to 14 December 2011 From 1 September 2008 to 14 December 2011
First State China Focus Fund	I (Distributing) III IV	From 1 September 2008 to 14 December 2011 From 1 September 2008 to 14 December 2011 From 29 January 2009 to 14 December 2011
First State Global Emerging Markets Debt Fund	I (Distributing)	From 1 September 2008 to 14 December 2011
First State Global Emerging Markets Leaders Fund	IV	From 29 January 2009 to 14 December 2011
First State Global Emerging Markets Select Fund	I I (Distributing)	From 25 January 2010 to 14 December 2011 From 25 January 2010 to 14 December 2011
First State Global Listed Infrastructure Fund	I III	From 1 September 2008 to 14 December 2011 From 1 September 2008 to 14 December 2011
First State Global Resources Fund	IV	From 29 January 2009 to 14 December 2011
First State Greater China Growth Fund	IV	From 29 January 2009 to 14 December 2011
First State Australian Growth Fund	I	From 15 June 2011 to 14 December 2011
First State Worldwide Equity Fund	I (Distributing) III I	From 15 June 2011 to 14 December 2011 From 15 June 2011 to 14 December 2011 From 15 June 2011 to 14 December 2011
First State Asian Bond Fund	I (Distributing) III I (Sterling)	From 15 June 2011 to 14 December 2011 From 15 June 2011 to 14 December 2011 From 15 June 2011 to 14 December 2011 From 15 June 2011 to 14 December 2011
First State Asian Quality Bond Fund	I (Sterling Distributing) I (Sterling)	From 15 June 2011 to 14 December 2011 From 15 June 2011 to 14 December 2011
First State Hong Kong Dollar Bond Fund	I (Sterling Distributing) I (Hong Kong Dollar) I (Hong Kong Dollar Distributing)	From 15 June 2011 to 14 December 2011 From 15 June 2011 to 14 December 2011 From 15 June 2011 to 14 December 2011 From 15 June 2011 to 14 December 2011

Shares will be offered at US\$10 per Share (exclusive of the sales charge) during the Initial Offer Period.

The Minimum Initial Investment during the Initial Offer Period of Class I (Distributing) Shares of the First State China Focus Fund will be US\$10,000. The Minimum Initial Investment of Class I (Distributing) Shares of the First State China Focus Fund after the Initial Offer Period will be US\$1,500. Applications during the Initial Offer Period should be sent to the office of the Investment Manager, either to its Edinburgh office in its role as Distributor, or its Singapore office in its role as Distributor (for onward transmission to the Administrator) to arrive as per the dealing deadline. Shares in the relevant Fund will be allotted to investors provided that cleared funds have been received at the close of the relevant Share Class Initial Offer Period.

The Investment Manager will invest in accordance with the investment policy of the relevant Fund. The period of time taken to invest will depend on the Investment Manager's view of the market in general and on individual stocks. Investors will only become exposed to market movements once investment has occurred. No subscription monies will be invested during the Initial Offer Period. No interest will accrue on the subscription monies during the Initial Offer Period. If the application for subscription is not successful, the subscription monies will be returned where permitted by applicable law without interest. Following the Initial Offer Period, Shares shall be issued at the relevant net asset value per Share as determined on the Dealing Day on which they are issued.

#### Minimum Investment Amounts

General Characteristics	Class I, Class I (Distributing) & Class IV*	Class I (Sterling) & Class I (Sterling Distributing)**	Class I (Hong Kong Dollar) & Class I (Hong Kong Dollar Distributing)**	Class III
Minimum Initial Investment	US\$ 1,500	GBP £1,000	HK\$ 12,000	US\$ 5,000,000
Minimum Subsequent investment	US\$ 1,000	GBP £600	HK\$ 8,000	N/A
Minimum holding	US\$ 1,500	GBP £1,000	HK\$ 12,000	US\$ 5,000,000
Sales Charge	Up to 5.0%	Up to 5.0%	Up to 5.0%	Up to 7.0%

Details of the minimum and subsequent investment for each Share Class are set out in the Prospectus.

\*The Minimum Initial Investment during the Initial Offer Period of Class I (Distributing) Shares of the First State China Focus Fund will be US\$10,000. The Minimum Initial Investment for subscriptions after the Initial Offer Period will be US\$1,500.

\*\*Class I (Sterling) and Class I (Sterling Distributing) are only available on the First State Asian Bond Fund and the First State Asian Quality Bond Fund.

\*\*\*Class I (Hong Kong Dollar) and Class I (Hong Kong Dollar Distributing) are only available on the First State Hong Kong Dollar Bond Fund. Shareholders may redeem Shares on any Dealing Day by sending a completed redemption request form or a letter of instruction to the Administrator, your financial representative or your local dealing office by 10.00 a.m.

(Irish time) on a Dealing Day. The Directors reserve the right to process a redemption order received after the dealing cut-off time of 10.00 a.m. (Irish time), provided that in any event the redemption order is received prior to 11.00 a.m. (Irish time) on the relevant Dealing Day.

### Anti-Dilution Levy

An Anti-Dilution Levy may be payable by the Shareholder from time to time as determined by the Investment Manager (which Anti-Dilution Levy shall not exceed 0.5 per cent of the subscription or redemption monies obtaining on the Dealing Day on which the subscriptions or redemptions are effected). If there are net subscriptions for, or redemptions of, Shares by investors on a Dealing Day, then the Investment Manager may have to purchase or sell investments for the Fund and in doing so the Fund will incur dealing costs. An Anti-Dilution Levy reduces the effect of these costs by making a separate charge to investors in these circumstances to cover those dealing costs. Any Anti-Dilution Levy applicable will be added to the net asset value per Share and included in the subscription price on any day on which a Fund receives net subscriptions. Any Anti-Dilution Levy applicable will be deducted from the net asset value per Share and included in the redemption price on any day on which a Fund receives net redemptions. The amount of the Anti-Dilution Levy is paid into the Fund for the protection of continuing Shareholders in that Fund. The Anti-Dilution Levy is not applied for the benefit of the Company. The Anti-Dilution Levy may be applied in respect of all of the Funds.<sup>1</sup>

<b>Additional Important Information:</b>	<b>The Company</b>	First State Global Umbrella Fund plc
	<b>Registered Office:</b>	1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
	<b>Investment Manager and Promoter</b>	First State Investments (Hong Kong) Limited Sixth Floor Three Exchange Square Central Hong Kong
	<b>Sub-Investment Managers</b>	First State Investment Management (UK) Limited 23 St. Andrew Square Edinburgh Scotland
		First State Investments (Singapore) #17-01 Millenia Tower One Temasek Avenue Singapore 039192

<sup>1</sup> As at 15 June 2011, the Anti-Dilution Levy may only be applied in respect of the First State Asia Pacific Select Fund, the First State Global Emerging Markets Leaders Fund, the First State Global Emerging Markets Select Fund, the First State Worldwide Equity Fund and the First State Australian Growth Fund. Prior to the Anti-Dilution Levy being applied in respect of any other Funds, Shareholders in those Funds will be provided with advance notice in writing of the proposed implementation date of the Anti-Dilution Levy. It is expected that such notifications will be made to Shareholders once the appropriate regulatory approvals have been obtained in the relevant jurisdictions.

	<p>Colonial First State Investments Limited  Level 29  Colonial Centre  52 Martin Place  Sydney  New South Wales  2000  Australia</p>
<b>Custodian</b>	<p>HSBC Institutional Trust Services  (Ireland)Limited  1 Grand Canal Square  Grand Canal Harbour  Dublin 2  Ireland</p>
<b>Auditors</b>	<p>PricewaterhouseCoopers  One Spencer Dock  North Wall Quay  Dublin 1  Ireland</p>
<b>Legal Advisors</b>	<p>Arthur Cox  Earlsfort Centre  Earlsfort Terrace  Dublin 2  Ireland</p>
<b>Administrator</b>	<p>HSBC Securities Services (Ireland) Limited  1 Grand Canal Square  Grand Canal Harbour  Dublin 2  Ireland</p>
<b>Distributors</b>	<p><b>London Office</b>  First State Investments (UK) Limited  3<sup>rd</sup> Floor  30 Cannon Street  London  EC4M 6YQ  England</p> <p><b>Edinburgh Office</b>  First State Investments (UK) Limited  23 St Andrew Square  Edinburgh  EH2 1BB  Scotland  United Kingdom</p>

**Hong Kong Office**

First State Investments (Hong Kong) Limited  
Sixth Floor  
Three Exchange Square  
Central  
Hong Kong

**Singapore Office**

First State Investments (Singapore)  
#17-01 Millenia Tower  
One Temasek Avenue  
Singapore 039192

**Board of Directors**

Peter Blessing  
Hans Vogel  
Greg Cooper  
Michael Stapleton

Additional information and copies of the Prospectus, the latest annual and semi-annual reports and application forms may be obtained free of charge from:

First State Investments (Hong Kong) Limited  
Sixth Floor  
Three Exchange Square  
Central  
Hong Kong  
Telephone: (852) 2846 7555  
Fax: (852) 2868 4742

And

First State Investments (UK) Limited  
23 St Andrew Square  
Edinburgh  
EH2 1BB  
United Kingdom  
Telephone: (44) 800 587 4141  
Fax: (44) 131 473 2516